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# **Los Alamos County**

# **Affordable Housing Plan**

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Prepared by the Los Alamos County  
Community Development Department

Revised January 14, 2010,



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## Affordable Housing Plan

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Economic and Planning Systems

Los Alamos Board of Realtors Multiple Listing Service (MLS)

Los Alamos Community Health Council

Los Alamos County Assessors Department, Community Development Department, Indigent Program, Information Technology Division

Los Alamos Family Council, Inc.

Los Alamos Housing Partnership, Inc.

New Mexico Human Services Department, Income Support Division

New Mexico Mortgage Finance Authority (MFA)

Self-Help, Inc.

University of New Mexico, Bureau of Business and Economic Research

US Department of Commerce, Bureau of Economic Analysis, US Census Bureau Data Integration Division, Small Area Estimates Branch, Small Area Income, Poverty Estimates (SAIPE)

US Department of Commerce, Bureau of the Census, Population Estimates Program, Population Division, Journey-to-Work and Migration Statistics Branch

US Department of Housing and Urban Development, HUD Data User

US Department of Housing and Urban Development (HUD), Economic and Market Analysis Division

Wells Fargo Mortgage Calculator





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# Introduction

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### Purpose of the Affordable Housing Plan

As Los Alamos evaluates the most effective ways to use public resources to assist in the production of affordable housing, it is important to have a framework in which to evaluate different subsidy options. Similar to how the County capital improvements program process provides a framework for making large capital investment decisions in buildings and infrastructure, the affordable housing plan serves a similar function for making public investments that result in affordable housing. The plan recommends alternative programs that can be used to address identified existing, unmet housing needs. The plan also anticipates future housing needs resulting from projected increases in household formation due to changing household types, employment increases or changes in the level of commuting.

### Role of the New Mexico Mortgage Finance Authority (MFA)

The MFA has established specific guidelines for preparing an affordable housing plan and the affordable housing ordinance that must accompany the plan. Both the plan and the ordinance must be consistent with the provisions of the Affordable Housing Act. The Affordable Housing Act is the enabling legislation that exempts affordable housing from the anti-donation clause of the New Mexico State Constitution. The MFA is charged with reviewing and approving the affordable housing plan and ordinance prior to adoption by the local government.

In addition to its regulatory role, the MFA offers an array of financial assistance programs that can be used by the County in its affordable housing programs. MFA offers several housing rehabilitation assistance programs, the HOME program that assists in new development of ownership housing and financial assistance in the development of transitional housing and permanent supportive housing. They administer the federal low income housing tax credit program, which is one of the primary tools available for the development and/or renovation of multifamily housing. They are managing the transition in the regional housing authority service delivery system, which directly affects Los Alamos in the Section 8 rental voucher assistance program. This is far from an all-inclusive list of MFA's role and functions.

### Components of the Affordable Housing Plan

Section 1 of the plan provides a summary of demographic trends that influence the demand for affordable housing. The relationship between population growth and new household formation is described, as well as growth trends in the different types of households. This analysis should answer the question of how demand for housing can continue to increase even though the population of a community remains static. Section 1 also includes a detailed analysis of income levels within the community. Although Los Alamos is widely recognized as having the highest per capita income level in the State and among the highest in the country, there are substantial differences in household incomes within the community. Depending upon the type and size of household and owner versus renter status, household income can vary dramatically as can a household's purchasing power for ownership and rental housing. These differences are summarized and their implications for affordable housing demand are discussed.

Section 2 details employment trends in the community. Overall employment change is evaluated as are trends in total employee compensation. This analysis breaks down employment and compensation trends by industry and compares Los Alamos with the State of New Mexico. The concentration of employment in one type of industry and one major employer is discussed. Statistics on commuting patterns are evaluated as is the net outflow of earnings from Los Alamos attributable to the commuter population. Capture of a share of the commuter population for residential sales in Los Alamos has long been a standard feature of market analyses performed for Los Alamos private and public sector clients and it is discussed here. The relationship of workforce housing to economic development is introduced in this section, as this is a theme that will occur in later sections of the plan.

Section 3 contains statistical indicators of the special needs population that provides a higher level of focus on the particularly disadvantaged component of the local population. This is the population most in need of some form of affordable housing. Trends in Los Alamos resident usage of state and federal assistance programs such as Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) and Medicaid are presented. Detailed characteristics of the clients now participating in the County indigent program are presented, as are client demographics on the Section 8 rental voucher program. Statistical information from the Bureau of the Census and Federal Department of Housing and Urban Development on housing conditions such as overcrowding, substandard housing and cost burden (over 30% of income being used for rent or mortgage) are detailed. This information is used later in the analysis to estimate housing needs for the special needs population.

Section 4 provides an analysis of the Los Alamos housing market with the objective being to determine the ability of the existing local rental and ownership housing stock to accommodate the unmet existing and projected housing needs identified herein. As part of this analysis, a count of existing housing was performed using County Assessors data, with additional information from County Geographic Information System (GIS) data being used for additional verification. This count was performed by major subdivision areas in the County and information was also derived on average lot sizes, unit sizes and type and values by major subdivision areas. The number of owner versus renter occupied units was determined by using County Assessors information and determining differences in the property tax bill mailing address and the physical address. An apartment survey was conducted to determine current rents and vacancy rate by bedroom size. A review and analysis of the characteristics of past home sale information from the Multiple Listing Service was conducted, as well as an analysis of the current homes on the market.

Using information generated earlier in the plan, Section 5 provides summary quantitative estimates of the need for special needs housing, rental housing, housing rehabilitation and homeownership housing. The needs estimates provide information on the extent of need, the income levels of the population to be served, and the specific market niches in terms of price that the private market is not adequately serving at present. Funding strategies are discussed in general terms in this section of the plan with a more specific discussion presented in Section 7.

Section 6 of the plan outlines a land use analysis and policy review and describes constraints that hinder the production of affordable housing in the Los Alamos market. The typical type of constraints that are investigated in any community include the regulatory process, zoning and development regulations, the availability and price of land, access to capital, local affordable housing organizations' capacity to administer programs, infrastructure availability and capacity and other factors. These factors and others are evaluated here to determine the impediments to producing the level and type of affordable housing that will meet the identified needs.

Section 7 is the part of the plan that recommends specific programs and funding strategies designed to address the identified housing needs and overcome the constraints that inhibit the production of the targeted affordable housing. The funding strategies address how local, state and federal funds can be used within the same program and target distinct income levels based on the HUD definitions of extremely low income, very low income and low income. Along with a description of the recommended programs is a description of the alternative organizational structures for administering each program, with a range of public, non-profit and private sector alternatives being presented.



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# **Section 1**

# **Demographics**

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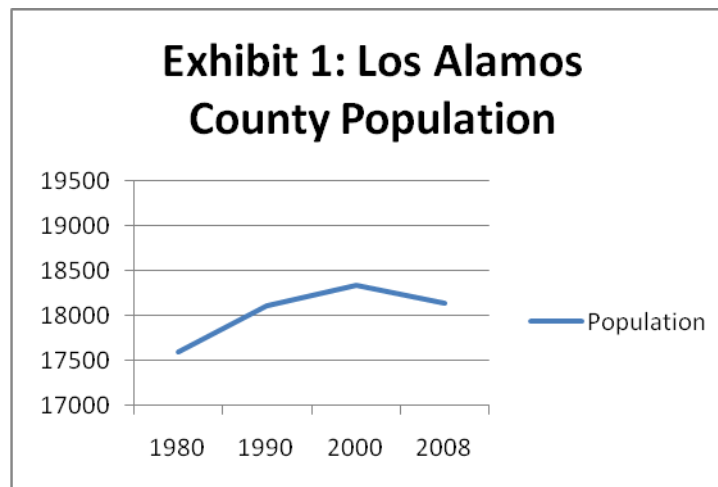
Population Trend

After a slow increase from 18,344 on April 1, 2000 to 18,673 on July 1, 2006, Los Alamos County population has declined for two consecutive years: first to 18,497 in 2007, then to 18,150 in 2008. This is according to annual population estimates compiled by the US Census Bureau's Population Estimates Program and is displayed in Table 1.

<b>TABLE 1 LOS ALAMOS COUNTY POPULATION AND HOUSEHOLD TREND WITH COMPARISON TO STATE OF NEW MEXICO</b>							
	2008	2000	1990	1980	Avg Ann % Chg 2000-2008	Avg Ann % Chg 1990-2000	Avg Ann % Chg 1980-1990
<b>Los Alamos County</b>							
Population	18,150	18,344	18,115	17,599	-0.13%	0.13%	0.29%
Households		7,497	7,213	6,285		0.39%	1.48%
Avg HH Size		2.43	2.51	2.80		-0.32%	-1.04%
<b>State of New Mexico</b>							
Population	1,984,3556	1,819,046	1,515,069	1,303,303	1.14%	2.01%	1.62%
Households		677,971	542,709	441,466		2.49%	2.29%
Avg HH Size		2.63	2.79	2.95		-0.58%	-0.54%

Note: 2008 population estimate is for July 1, 2008.  
2000, 1990 and 1980 population estimates are for April 1 of the respective year.

Source: US Dept of Commerce, Bureau of the Census, Population Estimates Program, Population Division.



Population decline is not a statewide trend over these two years, nor is it a trend in the surrounding counties. During the 2006-2008 period, New Mexico population has increased by 46,440 people. The three neighboring counties that benefit the most from Los Alamos employment are Santa Fe, Rio Arriba and Sandoval County. These counties have grown, respectively, by 3,289, 40 and 10,443 from 2006 to 2008.

#### Components of Population Change

There are four components of population change: births, deaths, international migration and domestic migration. As part of its process for preparing annual population estimates, the Census Bureau's Population Estimates Program analyzes all four of these factors. In Table 2, this information for Los Alamos County is recorded and compared to the State of New Mexico. Since 1980, there has been a slight but steady decline in the amount of Los Alamos' natural increase of population (births minus deaths) to the point where the natural increase in population over the 2000-2008 period is now 64% of the natural increase over the 1980-1990 period. This reflects a trend of fewer births and more deaths.

Statistics show that since 1980, Los Alamos has experienced a consistent trend of population out-migration, where more people choose to leave the County than to relocate within the County. The rate of domestic out-migration, where one-time residents relocate to other areas in the U.S., is increasing. As depicted in Table 2, the annual population loss attributable to this factor has increased to 156 in the 2000 to 2008 period, up from 120 over the 1990 to 1999 period. In contrast, international in-migration has accounted for an annual population increase of 58 over the 2000 to 2008 period.

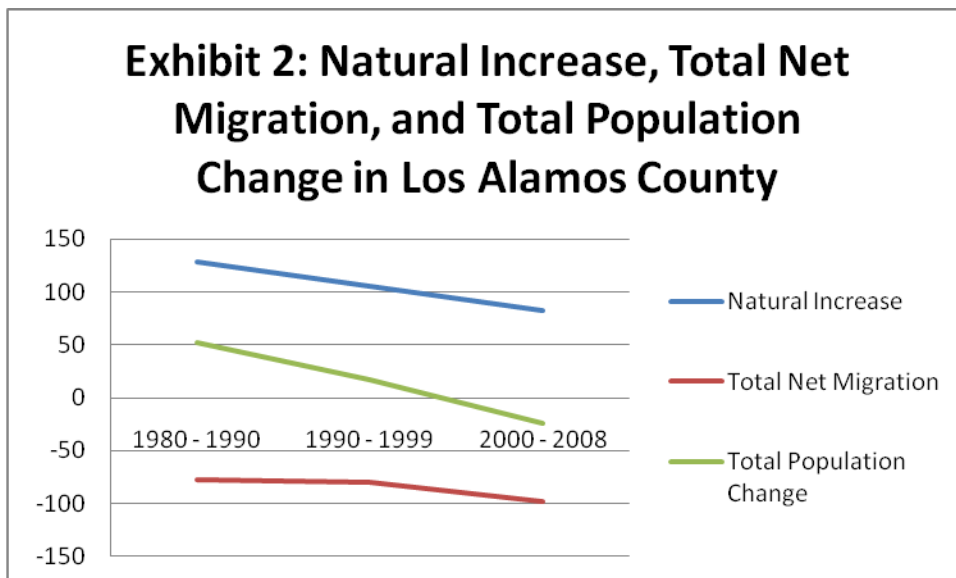
**TABLE 2**  
**ESTIMATES OF COMPONENTS OF RESIDENTIAL POPULATION CHANGE FOR LOS ALAMOS COUNTY WITH COMPARISON TO STATE OF NEW MEXICO**  
**FOR PERIODS OF APRIL 1, 2000 -JULY 1, 2008; APR, 1990 -JULY, 1999 & APR, 1980 -APRIL, 1990**

	Total Population Change	Natural Increase	Births	Deaths	Total Net Migration	International Migration	Domestic Migration	Residual
<b>Los Alamos County</b>								
April, 2000 - July, 2008	-194	654	1,526	872	-785	466	-1,251	-63
April, 1990 - July, 1999	156	947	1,818	871	-712	364	-1,076	-79
April, 1980 - April, 1990	516	1,281	1,995	714	-765			
<b>Avg Annual Chg</b>								
<b>Los Alamos County</b>								
April, 2000 - July, 2008	-24	82	191	109	-98	58	-156	-8
April, 1990 - July, 1999	17	105	202	97	-79	40	-120	-9
April, 1980 - April, 1990	52	128	200	71	-77			

Note: Total population change includes a residual. This residual represents the change in population that cannot be attributed to any specific demographic component.

Net international migration includes the international migration of both native and foreign-born populations. Specifically, it includes: (a) the net international migration of the foreign born; (b) the net migration between the United States and Puerto Rico; (c) the net migration of natives to and from the United States; and (d) the net movement of the Armed Forces population between the United States and overseas.

Source: US Dept of Commerce, Bureau of the Census, Population Estimates Program, Population Division.





In the July, 2007 to July, 2008 period alone, the overall population decrease in Los Alamos can be explained by the fact that 450 residents moved to other parts of the U.S. The natural increase in population (62) and positive international migration (51) lessened the impact of the domestic out-migration. Rio Arriba County showed a very similar net out-migration during July, 2007 to July, 2008, losing 489 people to other parts of the U.S. and gaining 58 international immigrants. Rio Arriba's natural increase, however, was 398—over six times the natural increase in Los Alamos although its population is only twice the size of Los Alamos. Santa Fe and Sandoval County, as well as the State of New Mexico as a whole, had substantial increases in both net migration and natural increase.

### Racial Distribution

From 1990 to 2007, Los Alamos County was mostly comprised of Anglos. This majority however, is declining: 77% of the total population in 2007 was Anglo, down from 82.1% in 2000 and 94% in 1990. The second largest race in Los Alamos County is Hispanics, with a steadily increasing percentage of the total population. In 2007 Hispanics made up 14.3% of the total population, up from 11.7% in 2000 and 11% in 1990. The Asian population is the third largest, with 5.8% of the total population in 2007, 3.8% in 2000 and 0.2% in 1990. The Black population is also increasing in percentage of total population. In 2007 0.8% of the population was Black, up from 0.4% in 2000 and 0.1% in 1990.

### Age Distribution

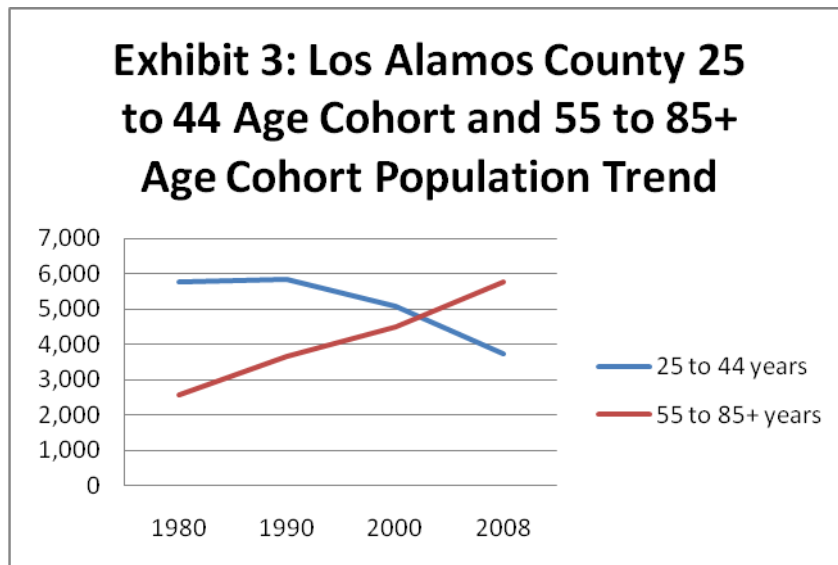
As shown in Table 3, except for the 15 to 19 and 20 to 24 age cohorts, almost every age cohort under the age of 45 has declined in Los Alamos from 2000 to 2008 and during the 1980 to 2000 period. Conversely, all age cohorts at or over age 45 have increased substantially over the same years. Correspondingly, the median age of the Los Alamos population has increased from 33.1 in 1980, to 37.8 in 1990 and 40.8 in 2000. Although the Census estimate for 2008 did not include a formal estimate of median age, it appears from the data that the median age in 2008 for Los Alamos would be approximately 45 years old. An increasing median age is a national and statewide trend, as New Mexico figures for 1980, 1990 and 2000 are 27.4, 31.3 and 34.6, respectively. The only difference in Los Alamos is that the changes in the age distribution, specifically, the aging of the population, is occurring at a faster pace than what is typical in other areas of New Mexico.

Housing demand is particularly fueled by households headed by the 25-34 age and 35-44 age groups. It is within these groups that the demand to purchase a new home is the greatest; as adults get married, children arrive on the scene and households transition from renting to owning. Consequently, population growth in these groups is very important to the vitality of a real estate market. In Los Alamos, from 2000 to 2008, the population age 25-44 decreased by 1,340, or 26%, over this eight year period. In contrast, the growth in the age 55 and over population has increased equally as dramatically over this time period, with an increase in this population of 1,279, or 28%.

**TABLE 3  
LOS ALAMOS COUNTY AGE DISTRIBUTION: 1980 - 2008  
WITH COMPARISON TO STATE OF NEW MEXICO**

	2008	2000	1990	1980	Avg Ann Chg 2000-2008	Avg Ann Chg 1990-2000	Avg Ann Chg 1980-1990
<b>Los Alamos County</b>							
<b>Age Groups</b>							
Under 5 years	931	1,021	1,132	1,115	-11	-11	2
5 to 9 years	945	1,303	1,331	1,419	-45	-3	-9
10 to 14 years	1,146	1,532	1,411	1,796	-48	12	-39
15 to 19 years	1,253	1,215	1,188	1,659	5	3	-47
20 to 24 years	1,045	463	566	805	73	-10	-24
25 to 34 years	1,290	1,864	2,551	2,608	-72	-69	-6
35 to 44 years	2,451	3,217	3,279	3,155	-96	-6	12
45 to 54 years	3,308	3,226	3,021	2,491	10	21	53
55 to 59 years	1,649	1,389	1,074	942	33	32	13
60 to 64 years	1,571	893	894	887	85	0	1
65 to 74 years	1,588	1,228	1,232	503	45	0	73
75 to 84 years	697	821	346	151	-16	48	20
85 years & over	276	171	90	68	13	8	2
<b>Total</b>	<b>18,150</b>	<b>18,343</b>	<b>18,115</b>	<b>17,599</b>	<b>-24</b>	<b>23</b>	<b>52</b>
<b>Median Age</b>		<b>40.8</b>	<b>37.8</b>	<b>33.1</b>			

Source: US Dept of Commerce, Bureau of the Census, Population Estimates Program, Population Division.



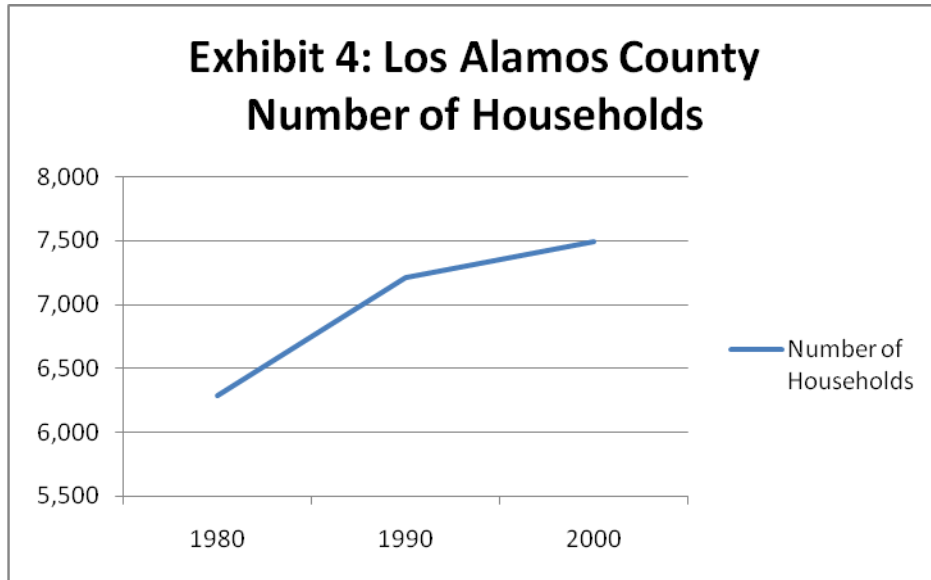
Household Formation

The number of households in a community drives local housing demand. This is why despite a static or declining population a community can experience an increase in the demand for housing. This is the case with Los Alamos. Table 1 shows that between 1980 and 2000, while population increased by 745, the number of households counted by the U.S. Census increased by 1,212. The reason that this could occur is that the number of persons in each household has decreased significantly, from 2.8 in 1980, to 2.51 in 1990 and 2.43 in 2000. The current number is likely to be under 2.35 persons per household, although the Census Bureau will verify this during the 2010 count. A smaller household size in Los Alamos does follow a statewide trend, as New Mexico average persons per household has decreased from 2.95 in 1980 to 2.63 in 2000.

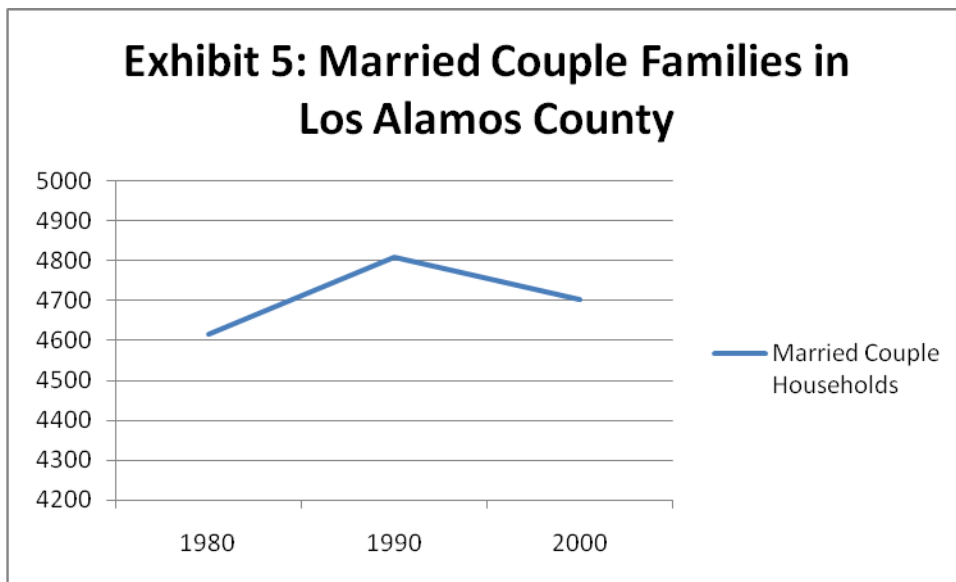
**TABLE 4  
HOUSEHOLD CHARACTERISTICS FOR LOS ALAMOS COUNTY 1980--2000  
WITH COMPARISON TO STATE OF NEW MEXICO**

	2000	1990	1980	Avg Ann Chg 1990-2000	Avg Ann Chg 1980-1990
<b>Los Alamos County</b>					
Total # of Households	7,497	7,213	6,283	28	93
Family Households	5,341	5,318	5,000	2	32
Married Couple	4,703	4,807	4,616	-10	19
Single Female Household Head	426	364	269	6	10
Single Male Household Head	212	147	115	7	3
Non-Family Households	2,156	1,895	1,283	26	61
Household Head Living Alone	1,869	1,653	1,129	22	52
Household Head 65 & over	504	350	459	15	-11
Average Household Size	2.43	2.51	2.80		
Average Family Size	2.92	3.01	3.21		

Source: US Census; Bureau of Business and Economic Research, University of New Mexico

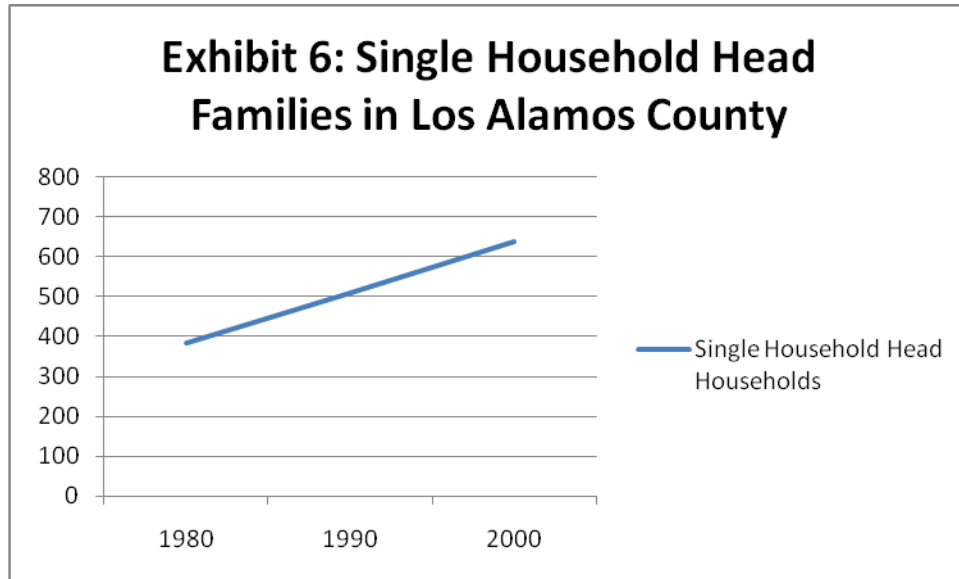


Another reason for the decrease in persons per household is that household composition has changed. As Table 4 illustrates, from 1990 to 2000, there has been an increase of 261 non-family households, including 234 single person households. During the same period, the number of family households has only increased by 23, including a decrease of 104 married couple family households that traditionally have larger household sizes. The change in household composition affects the demand for housing, as single person households are more limited in income and more likely to rent studio and one bedroom apartments and buy townhouse and condominium products.



Another family type that has experienced consistent growth is the single parent headed household. Even though this household type is only a small component of the total at present, it is growing rapidly. While married couple family households were decreasing by 104 in the 1990 to 2000 period, families with single person household heads were increasing by 127. This trend

manifests itself in the increasing volume of applications that the County had received for Section 8 rental voucher assistance and in the demographics of the affordable home purchase program at Piñon Trails, where 24 of the 50 affordable home buyers were single parent headed households.



Income Trends

According to 2007 per capita personal income estimates prepared by the U.S. Department of Commerce, Bureau of Economic Analysis, Los Alamos is the 49<sup>th</sup> wealthiest county in the United States. New Mexico, by contrast, was ranked 46<sup>th</sup> in per capita income among all states in 2007 and has since moved up to 44<sup>th</sup> in state rankings for 2008. The Los Alamos 2007 per capita personal income of \$55,109 is 79% higher than the State of New Mexico average of \$30,706.

Also according to the Census Bureau in 2007, 17.9% of New Mexicans are below the poverty level, in contrast to 3.1% of Los Alamos residents. The commonality between the State and Los Alamos County is that poverty rates have increased from 2000 to 2007.

In any community, Los Alamos included, there are great differences in household income depending upon whether the household rents or owns or whether it is a family household or a non-family household. A non-family household is defined as one person living alone or two or more persons who share a dwelling but do not constitute a family, for example, a married couple with or without children.

<b>TABLE 5                      LOS ALAMOS COUNTY PER CAPITA INCOME AND MEDIAN HOUSEHOLD INCOME                      WITH PERSONS BELOW POVERTY ESTIMATES                      AND COMPARISON TO STATE OF NEW MEXICO                      FOR YEARS 1990 - 2007</b>					
	2007	2000	1990	Avg Ann % Chg 2000-2007	Avg Ann % Chg 1990-2000
<b>Per Capita Personal Income</b>					
Los Alamos	\$55,109	\$41,722	\$28,583	4.58%	4.60%
New Mexico	\$30,706	\$22,144	\$14,924	5.52%	4.84%
<b>Median Household Income</b>					
Los Alamos	\$101,098	\$80,383	\$54,801	3.68%	4.67%
New Mexico	\$41,509	\$34,487	\$24,087	2.91%	4.32%
<b>Persons Below Poverty Level</b>					
Los Alamos	576 (3.1%)	480 (2.7%)		2.86%	
New Mexico	344,060 (17.9%)	309,103 (17.3%)		1.62%	
Sources: US Department of Commerce, Bureau of Economic Analysis, US Census Bureau Data Integration Division, Small Area Estimates Branch, Small Area Income, Poverty Estimates (SAIPE)					

For instance, the Los Alamos median family household income in 1999 was \$90,032, up from \$60,798 in 1989. In contrast, the non-family household median income in Los Alamos was \$44,375 in 1999, up from \$32,042 in 1989. The non-family median household income is only 49% of median family household income. The primary explanation for this disparity is that in a married couple family, which makes up approximately 88% of all family households, two people work outside of the home and bring in income. In most non-family households, there is only one source of income.

Table 7 shows the variation in income distributions between the two types of households. It is important for this analysis that in Los Alamos, non-family households are growing at a much faster rate than family households, which guarantees that there will be a wider disparity in household incomes from the top of the distribution to the bottom.

**TABLE 6  
LOS ALAMOS COUNTY HOUSEHOLD INCOME DISTRIBUTION  
WITH COMPARISON TO STATE OF NEW MEXICO  
FOR THE YEARS 1999 AND 1989**

<b>Los Alamos County</b>	1999		1989	
	Number	% of Total	Number	% of Total
Less than \$10,000	262	3.5%	305	4.2%
\$10,000 - \$14,999	134	1.8%	276	3.8%
\$15,000 - \$24,999	403	5.4%	597	8.3%
\$25,000 - \$34,999	429	5.7%	704	9.8%
\$35,000 - \$49,999	822	11.0%	1,281	17.8%
\$50,000 - \$74,999	1,479	19.7%	2,092	29.0%
\$75,000 - \$99,999	1,409	18.8%	1,219	16.9%
\$100,000 - \$149,999	1,880	25.1%	662	9.2%
\$150,000 or more	677	9.0%	75	1.0%
<b>Total Households</b>	<b>7,495</b>	<b>100.0%</b>	<b>7,211</b>	<b>100.0%</b>
<b>Median Household Income</b>	<b>\$78,993</b>		<b>\$54,801</b>	

<b>State of New Mexico</b>	1999		1989	
	Number	% of Total	Number	% of Total
Less than \$10,000	84,527	12.5%	107,409	19.8%
\$10,000 - \$14,999	56,773	8.4%	61,999	11.4%
\$15,000 - \$24,999	107,287	15.8%	111,265	20.5%
\$25,000 - \$34,999	97,447	14.4%	88,720	16.3%
\$35,000 - \$49,999	115,315	17.0%	83,934	15.4%
\$50,000 - \$74,999	111,913	16.5%	59,991	11.0%
\$75,000 - \$99,999	53,079	7.8%	17,069	3.1%
\$100,000 - \$149,999	34,045	5.0%	9,085	1.7%
\$150,000 or more	17,646	2.6%	4,353	0.8%
<b>Total Households</b>	<b>678,032</b>	<b>100.0%</b>	<b>543,825</b>	<b>100.0%</b>
<b>Median Household Income</b>	<b>\$34,133</b>		<b>\$31,262</b>	

Source: US Census

**TABLE 7  
LOS ALAMOS COUNTY HOUSEHOLD INCOME DISTRIBUTION  
COMPARISON OF FAMILY HOUSEHOLDS TO NONFAMILY HOUSEHOLDS  
FOR THE YEARS 1999 AND 1989**

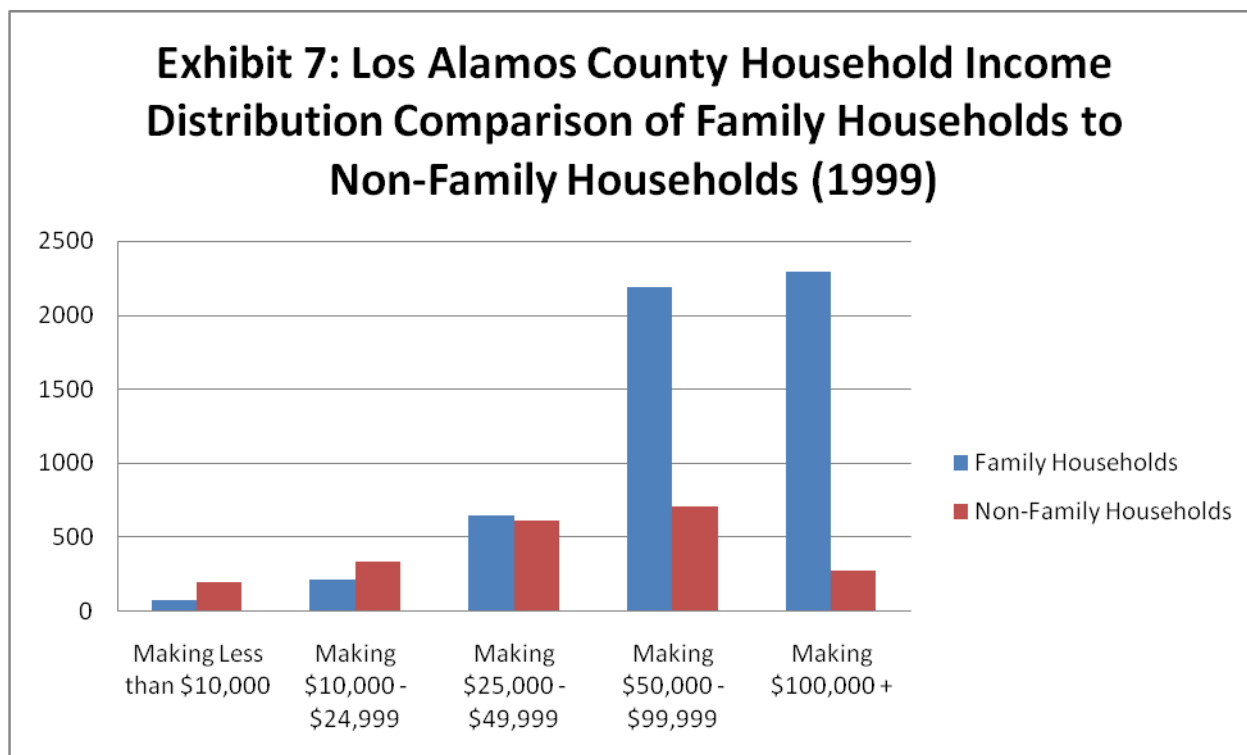
Family Households	1999		1989	
	Number	% of Total	Number	% of Total
Less than \$10,000	72	1.3%	96	1.8%
\$10,000 - \$14,999	39	0.7%	84	1.6%
\$15,000 - \$24,999	167	3.1%	341	6.4%
\$25,000 - \$34,999	165	3.1%	384	7.2%
\$35,000 - \$49,999	480	8.9%	918	17.2%
\$50,000 - \$74,999	1,056	19.6%	1,743	32.7%
\$75,000 - \$99,999	1,130	20.9%	1,083	20.3%
\$100,000 - \$149,999	1,671	31.0%	622	11.7%
\$150,000 or more	619	11.5%	61	1.1%
Total Households	5,399	100.0%	5,332	100.0%
Median Household Income	\$90,032		\$60,798	

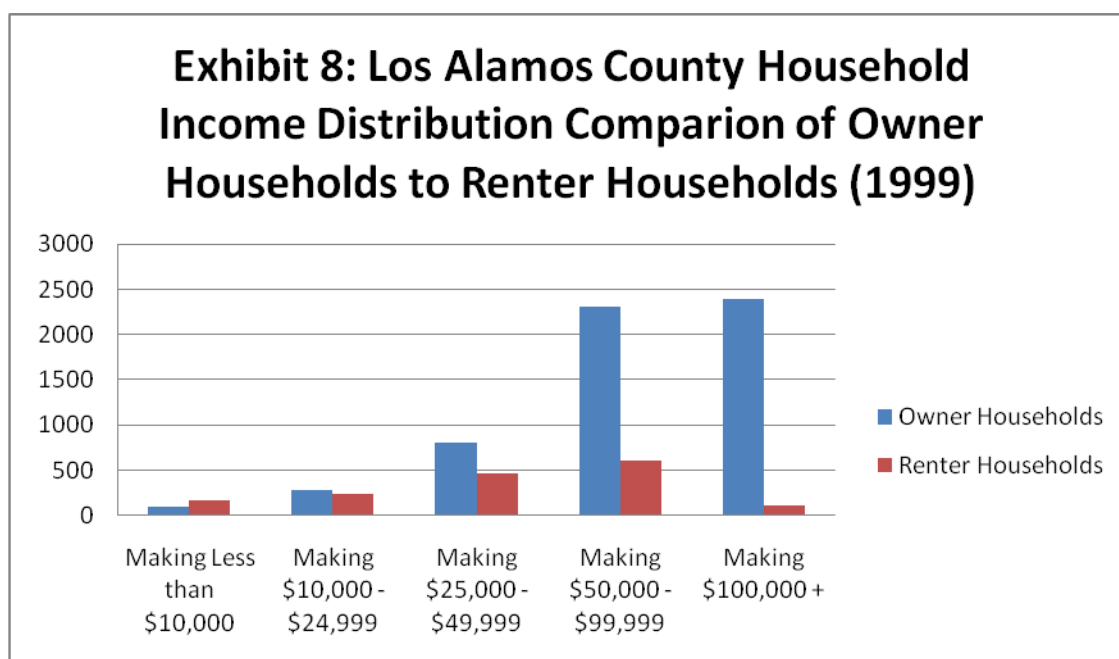
Non-Family Households	1999		1989	
	Number	% of Total	Number	% of Total
Less than \$10,000	190	9.1%	209	11.0%
\$10,000 - \$14,999	95	4.5%	192	10.1%
\$15,000 - \$24,999	236	11.3%	256	13.5%
\$25,000 - \$34,999	264	12.6%	320	16.9%
\$35,000 - \$49,999	342	16.3%	363	19.1%
\$50,000 - \$74,999	423	20.2%	349	18.4%
\$75,000 - \$99,999	279	13.3%	136	7.2%
\$100,000 - \$149,999	209	10.0%	60	3.2%
\$150,000 or more	58	2.8%	14	0.7%
Total Households	2,096	100.0%	1,899	100.0%
Median Household Income	\$44,375		\$32,042	

Source: US Census





Similarly, there is a significant difference in incomes between owner households and renter households. In 1999, there were 5,894 owner households and 1,603 renter households. Three percent of owner households earned less than \$15,000 per year, in contrast to 16% of renter households earning under \$15,000 per year. Over 65% of owner households earned over \$70,000 per year, as opposed to only 18% of renter households. The difference in income distributions between the two are displayed in Table 8.



**TABLE 8  
LOS ALAMOS COUNTY HOUSEHOLD INCOME DISTRIBUTION  
COMPARISON OF OWNER HOUSEHOLDS TO RENTER  
HOUSEHOLDS FOR THE YEARS 1999 AND 1989**

Owner Households	1999		1989	
	Number	% of Total	Number	% of Total
Less than \$10,000	105	1.8%	147	2.7%
\$10,000 - \$14,999	68	1.2%	104	1.9%
\$15,000 - \$24,999	216	3.7%	298	5.6%
\$25,000 - \$34,999	262	4.4%	415	7.7%
\$35,000 - \$49,999	548	9.3%	890	16.6%
\$50,000 - \$69,999	861	14.6%	1,444	26.9%
\$70,000 - \$99,999	1,449	24.6%	1,345	25.1%
\$100,000 or more	2,385	40.5%	724	13.5%
Total Households	5,894	100.0%	5,367	100.0%

Renter Households	1999		1989	
	Number	% of Total	Number	% of Total
Less than \$10,000	176	11.0%	194	10.5%
\$10,000 - \$14,999	73	4.6%	179	9.7%
\$15,000 - \$24,999	173	10.8%	307	16.6%
\$25,000 - \$34,999	195	12.2%	308	16.7%
\$35,000 - \$49,999	268	16.7%	327	17.7%
\$50,000 - \$69,999	344	21.5%	326	17.7%
\$70,000 - \$99,999	258	16.1%	179	9.7%
\$100,000 or more	116	7.2%	26	1.4%
Total Households	1,603	100.0%	1,846	100.0%

Source: HUD; Economic and Market Analysis Division

Department of Housing and Urban Development Definition of Low, Very Low & Extremely Low Income

The Department of Housing and Urban Development (HUD) defines an “extremely low income” person as one who earns at or under 30% of local Area Median Income (AMI). A “very low income” person is one who earns between 30% and 50% of AMI. A low income person makes between 50% and 80% of AMI. These definitions are important because federal and state grant and loan programs for homeownership, including housing rehabilitation, and rental assistance are designed to serve specific populations as defined by HUD. The lower the income group a community serves or proposes to serve in a grant application for an affordable housing project, the more competitive that application will be.

Table 9 sets forth the HUD definitions of 30%, 50% and 80% AMI in Los Alamos, compared to the true median income by household size. The standard HUD definition of low income (80% AMI) is the lesser of two calculations: 1) 0.8 times the HUD determined area median household income, which in the case of Los Alamos, is \$118,000 for a household size of four; this product equals \$94,400; or 2) the median household income in the United States, which is \$64,000 for a household size of four. The lesser of the two numbers is \$64,000, which explains why the low

income limit (80% of AMI) for a household of four in Los Alamos is \$64,000. The HUD definition of “very low income” (50% AMI) is calculated by multiplying 0.8 times the \$64,000 number (80% AMI) for a household of 4, resulting in a number of \$51,200 for a household of four. For the “extremely low income” (30% AMI) definition, HUD multiplies the very low income number (50% AMI) by 0.6. For federal and state financial assistance programs, these income limits set by HUD must be used.

**Table 9**  
**LOS ALAMOS COUNTY AREA MEDIAN INCOME (AMI) BY HOUSEHOLD SIZE**  
**FOR FY 2009 (Effective March 10, 2009)**

Income Category	Household Size					
	1 person	2 person	3 person	4 person	5 person	6 person
<b>30% AMI (Extremely Low Income Limit)</b>						
Maximum Rent (@30%)	\$21,500	\$24,550	\$27,650	\$30,700	\$33,150	\$35,600
Maximum Home Purchase Price	\$538	\$614	\$691	\$768	\$829	\$890
	\$67,000	\$79,000	\$92,000	\$105,000	\$115,000	\$119,000
<b>50% AMI (Very Low Income Limit)</b>						
Maximum Rent (@30%)	\$35,850	\$40,950	\$46,100	\$51,200	\$55,300	\$59,400
Maximum Home Purchase Price	\$896	\$1,024	\$1,153	\$1,280	\$1,383	\$1,485
	\$126,000	\$147,000	\$168,000	\$188,000	\$205,000	\$222,000
<b>80% AMI (Low Income Limit)</b>						
Maximum Rent (@30%)	\$44,800	\$51,200	\$57,600	\$64,000	\$69,100	\$74,250
Maximum Home Purchase Price	\$1,120	\$1,280	\$1,440	\$1,600	\$1,728	\$1,856
	\$162,000	\$188,000	\$215,000	\$241,000	\$261,000	\$282,000
<b>True Median Income (County limit)</b>						
Maximum Rent (@30%)	\$82,600	\$94,400	\$106,200	\$118,000	\$127,440	\$136,880
Maximum Home Purchase Price	\$2,065	\$2,360	\$2,655	\$2,950	\$3,186	\$3,422
	\$317,000	\$365,000	\$413,000	\$461,000	\$499,000	\$538,000

Note: Maximum purchase price based on 5.7% interest rate, 30 year term, \$120 per month property tax and hazard insurance, PMI @0.00065 times loan amount, 8% of income going for other monthly debt, 5% down payment; PITI maximum @30% of gross monthly income.

Source: US Department of Housing and Urban Development for AMI; Wells Fargo Mortgage Calculator & Los Alamos County



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# Section 2

# Economics

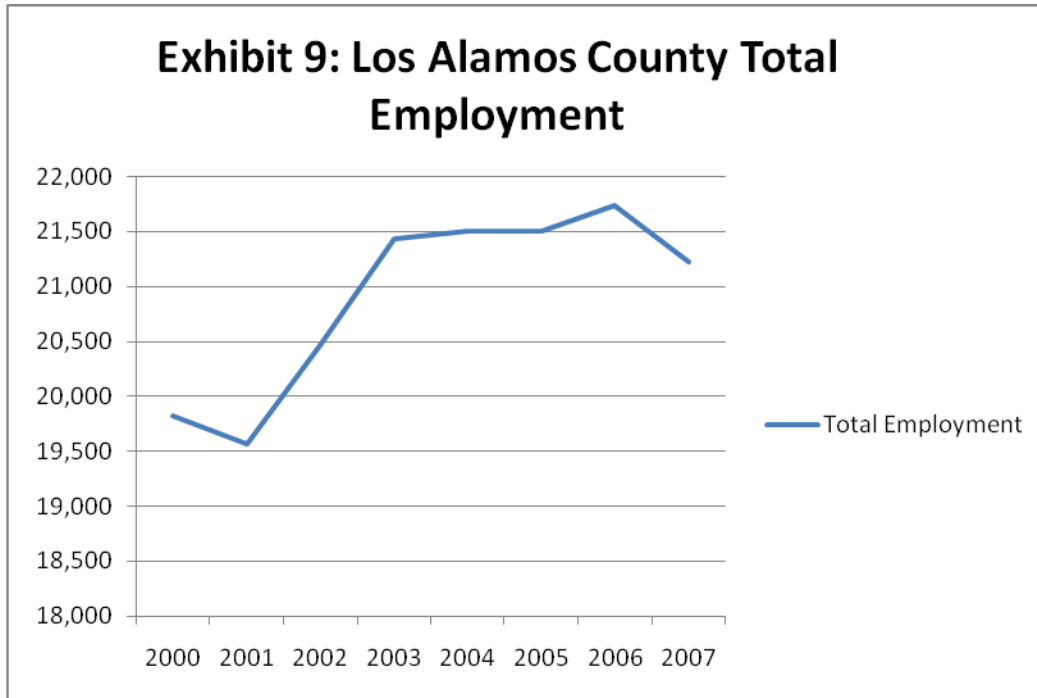
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Employment Trends

Growth in employment fuels growth in population and household demand. According to the U.S. Department of Commerce, Bureau of Economic Analysis statistics, Los Alamos County has experienced very modest growth in employment over time. During the 1990 to 2000 time frame, average annual employment increase, including both full time and part time employment, was 135 per year, which is less than a 1% average annual percentage increase. During the 2000 to 2007 time period, average annual employment increase has been 199 per year, which represents a 1% average annual percentage increase, although total employment did fall by 526 from 2006 to 2007.

In contrast, the State of New Mexico added an annual average of 20,581 jobs over the 1990 to 2000 period and an annual average of 20,389 jobs over the 2000 to 2007 period. The average annual percentage increase over these two periods is 2.7% and 2.1% respectively, which is over two times the rate of annual employment growth in Los Alamos County.

<b>Table 10</b>									
<b>Los Alamos County Full time and Part Time Employment from 2000-2007</b>									
Employment by Type	2007	2006	2005	2004	2003	2002	2001	2000	AvgAnChg 2000-2007
Total Employment	21,226	21,742	21,513	21,503	21,442	20,471	19,570	19,832	199
Wage & Salary Employ	19,033	19,662	19,601	19,503	19,389	18,639	17,631	17,771	180
Proprietors Employment	2,193	2,080	1,912	2,000	2,053	1,832	1,939	2,061	19
Private Employment	19,337	15,695	9,608	10,048	10,166	9,725	9,460	9,706	1,376
Government Employ	1,889	6,047	11,905	11,455	11,276	10,746	10,110	10,126	-1,177
Govt Employ - % of Total	8.90%	27.81%	55.34%	53.27%	52.59%	52.49%	51.66%	51.06%	
<b>Top 5 New Mexico Private Employers - Los Alamos County Totals</b>									
Employment by Type	2007	2006	2005	2004	2003	2002	2001	2000	AvgAnnChg 2001-2007
Construction	529	465	452	446	440	429	376		32
Retail Trade	571	576	601	647	693	691	685		4
Professional, Sci & Tech	12,008	7,992	1,781	2,072	2,112	1,975	2,049		32
Health Care & Social Assist	1,132	1,140	1,171	1,186	1,109	1,089	1,058		26
Accommodation & Food Svcs	676	699	662	661	617	722	687		-35
Note: In 2001, the employment classification system changed, which makes the employment by industry numbers before 2001 not comparable with the numbers beginning in 2001. Therefore, employment by industry numbers for 2000 have been left blank.									
Source: Bureau of Economic Analysis									



<b>Table 11</b>									
<b>State of New Mexico Full Time and Part Time Employment from 2000-2007</b>									
Employment by Type	2007	2006	2005	2004	2003	2002	2001	2000	AvgAnnChg 2000-2007
Total Employment (Emp)	1,115,677	1,091,651	1,051,704	1,038,845	1,013,107	987,693	977,815	972,954	20,389
Wage & Salary Emp	887,936	877,954	855,049	838,544	822,438	809,872	801,610	789,690	14,035
Proprietors Emp	227,741	213,697	196,655	200,301	190,669	177,821	176,205	183,264	6,354
Private Emp (inc farm)	905,525	877,355	832,940	821,277	799,470	778,814	772,341	770,564	19,280
Government Emp	210,152	214,296	218,764	217,568	213,637	208,879	205,474	202,390	1,109
Govt Emp as % of Total	18.84%	19.63%	20.80%	20.94%	21.09%	21.15%	21.01%	20.80%	
<b>Top 5 New Mexico Private Employers</b>									
Employment by Type	2007	2006	2005	2004	2003	2002	2001	2000	AvgAnnChg 2001-2007
Construction	82,275	79,654	72,453	68,145	63,927	61,086	63,144		392
Retail Trade	121,257	118,189	116,168	115,746	113,827	111,912	111,250		1,289
Professional, Sci & Tech	81,750	75,824	66,884	67,459	64,443	60,693	60,386		2,029
HealthCare & SocAssist	115,090	112,171	108,336	107,352	102,830	96,323	89,614		6,608
Accomdtn & Food Svcs	85,528	84,443	81,137	80,498	79,733	77,903	76,403		1,665
Note: In 2001, the employment classification system changed, which makes the employment by industry numbers before 2001 not comparable with the numbers beginning in 2001. Therefore, employment by industry numbers for 2000 have been left blank.									
Source: Bureau of Economic Analysis									

### Concentration of Employment at LANL

Los Alamos National Laboratory is by far the largest employer in Los Alamos and Northern New Mexico. According to LANL Community Impact Data Profile 2007, total employment in 2006, including students and contract labor was 14,510, which constitutes 67% of total employment in Los Alamos. In 2005, the federal government awarded a contract to manage operations at LANL to the Los Alamos National Security (LANS) team, which is a partnership of the University of California, Bechtel, Washington Group International and BWX Technologies. Since the change in management, what was once classified as government employment is now considered to be private employment classified as “Professional, Technical and Scientific Employment.” Since assuming control, the new management team instituted a voluntary retirement program that resulted in a slight decline in total employment. The total employment decrease of 526 from 2006 to 2007 represents part of this modest downsizing effort.

The concentration of employment at one large employer causes overall demand for housing in Los Alamos to closely follow changes in funding and employment at LANL. When LANS is hiring, demand for housing increases. When LANS is not hiring or implements a voluntary retirement program, the demand for housing decreases. Not surprisingly then, the demand for housing from 2007 to the present has decreased significantly, relative to previous years. The supply of housing is also affected by this concentration of employment, as well, as it is difficult for developers to risk capital for a development project without having an idea on future funding levels at LANL.

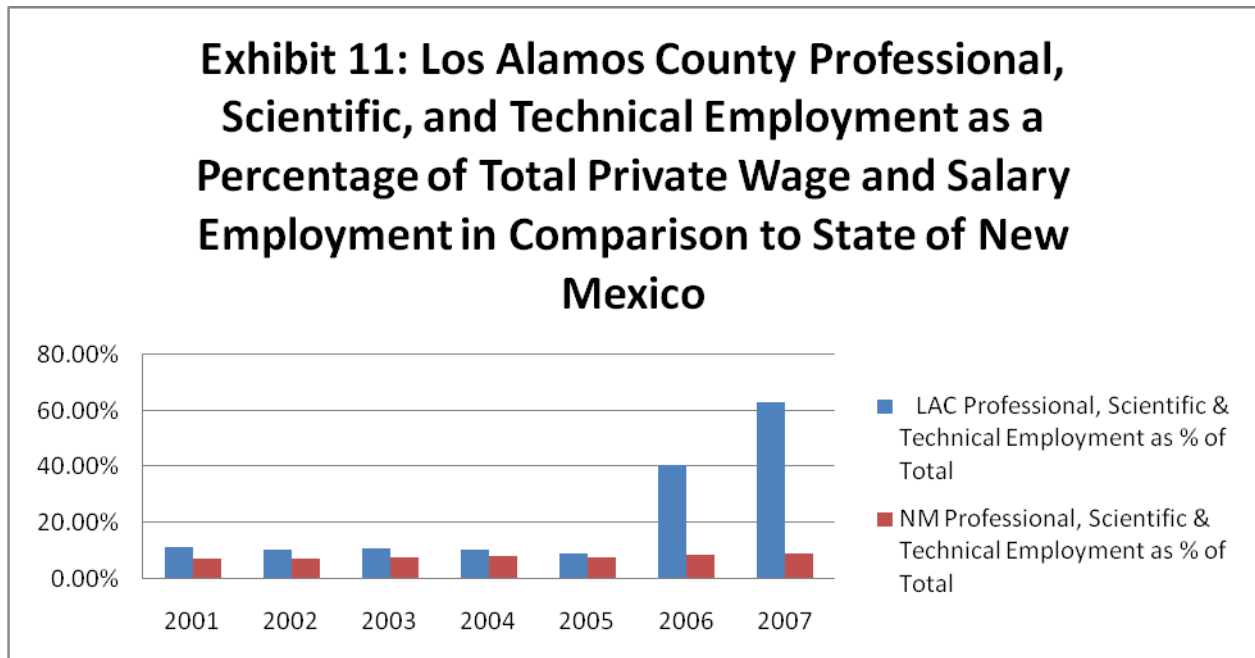
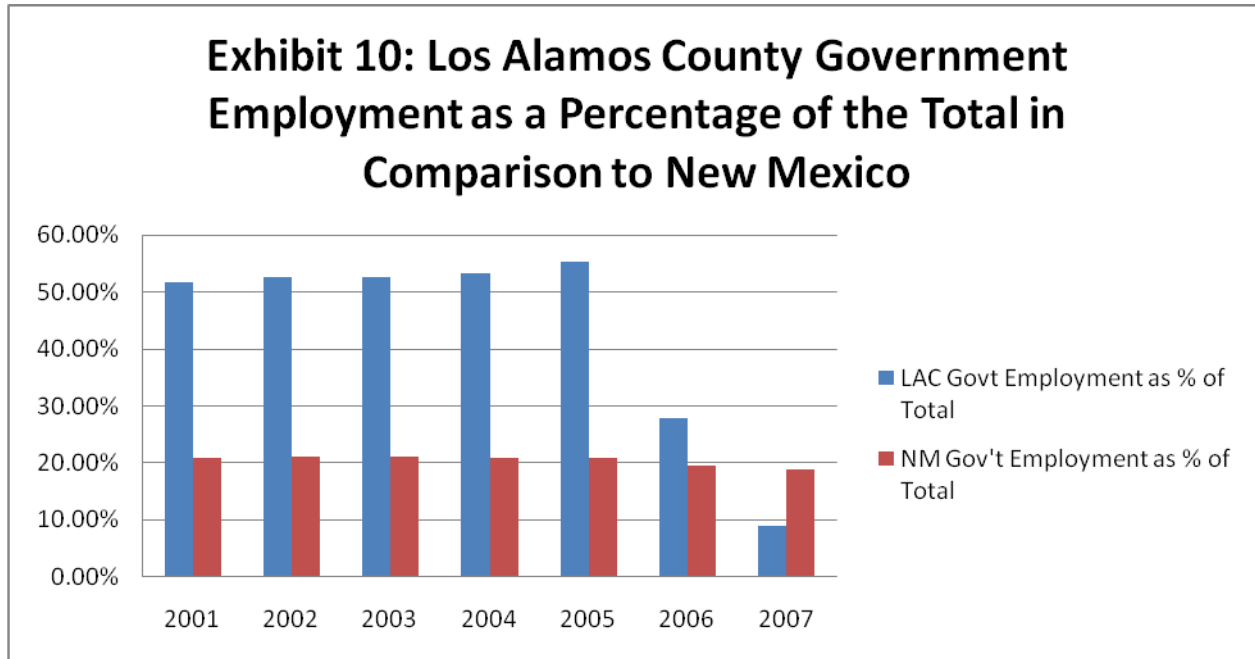
In other communities with a more balanced employment mix comprised of industries that follow national and international economic trends, it is easier to make forecasts of future employment levels. In Los Alamos, employment at LANL is dependent upon federal government appropriations that cannot be reliably predicted. This uncertainty acts to inhibit private investment that is needed for new job creation.

### Major Sources of Employment in New Mexico Compared to Los Alamos

In New Mexico in the year 2007, apart from government employment that comprises 18.8% of total employment, and the entrepreneurial proprietors’ employment, which consists of 20.4% of total employment, the top five economic sectors in terms of total wage and salary employment are retail trade (13.7% of total), health care and social assistance (13.0%), construction (9.3%), professional, scientific and technical (9.2%), and accommodation and food services (9.6%).

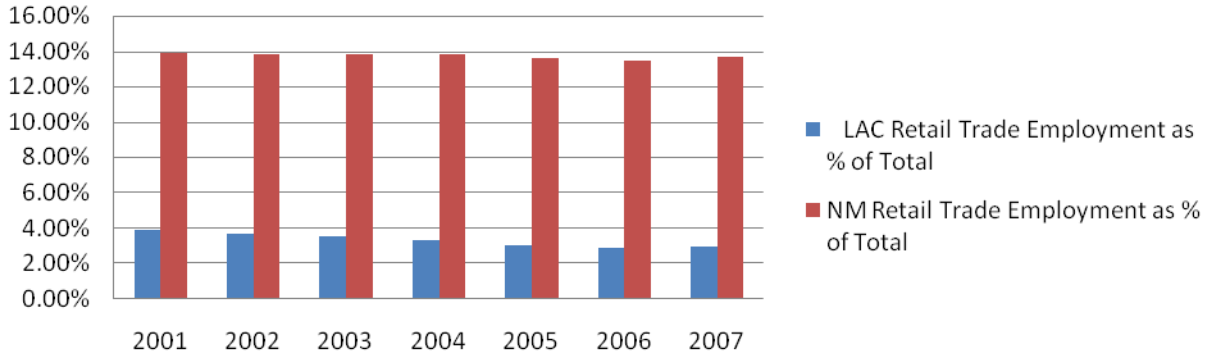
Los Alamos offers a contrast in that 63.2% of total wage and salary employment consists of professional, scientific and technical, the category in which employment at LANL is placed. The retail trade sector, at 3.0% of total employment, construction (2.8%), health care and social assistance (5.9%) and accommodation and food services (3.6%) are all relatively small sources of employment in Los Alamos. With the transition in management at LANL and reclassification of employees from public to private, government employment in Los Alamos is now only 8.9% of total employment, which is less than one half the percentage share in New Mexico. Creating additional jobs in these other private economic sectors would diversify the economy and provide

stability and substantial additional demand for housing of all types, particularly moderate income housing.

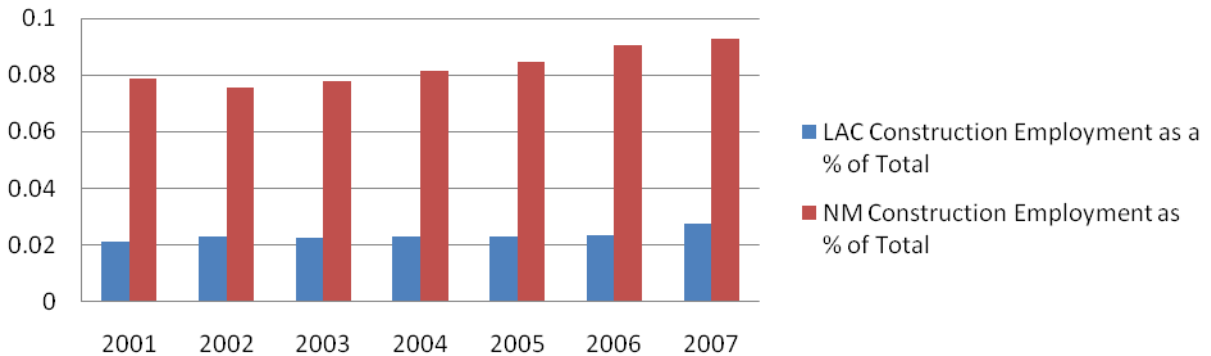


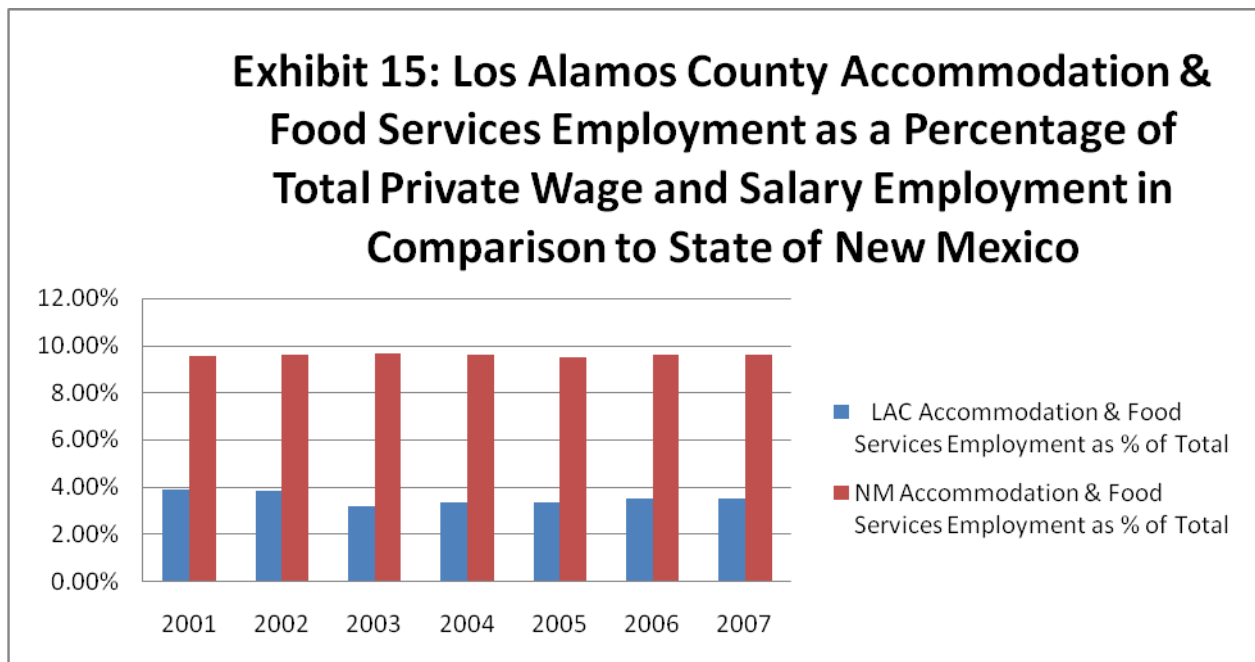
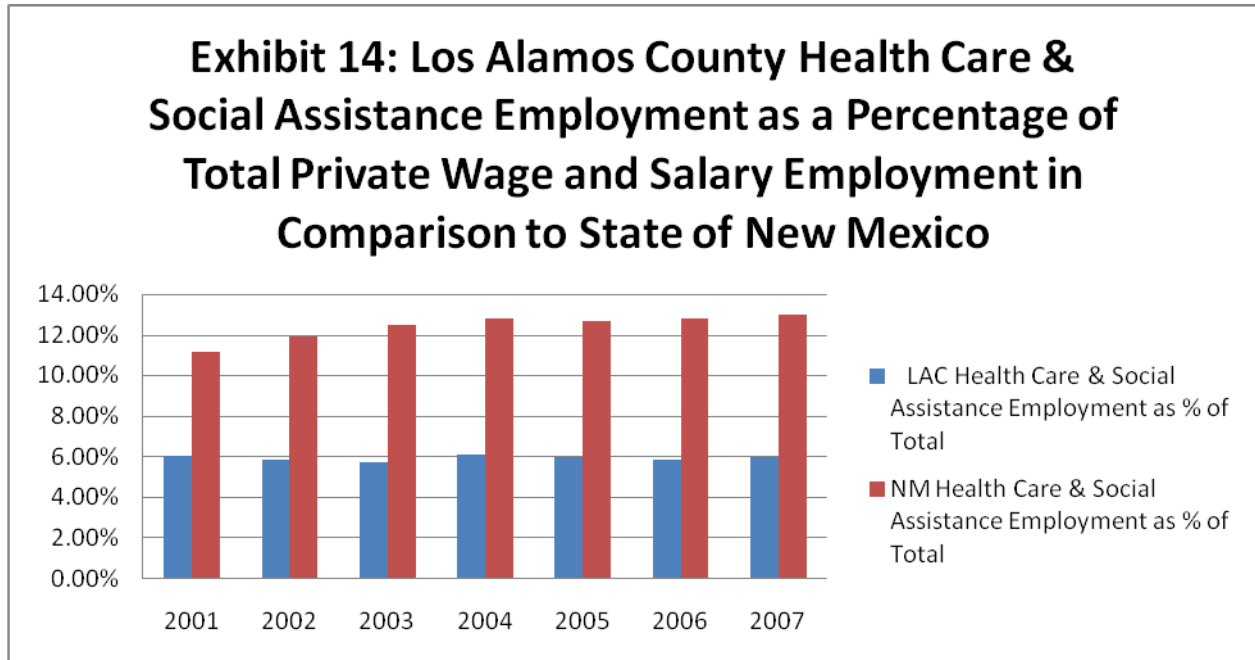


### Exhibit 12: Los Alamos County Retail Trade Employment as a Percentage of Total Private Wage and Salary Employment in Comparison to State of New Mexico



### Exhibit 13: Los Alamos County Construction Employment as a Percentage of Total Private Wage and Salary Employment in Comparison to State of New Mexico





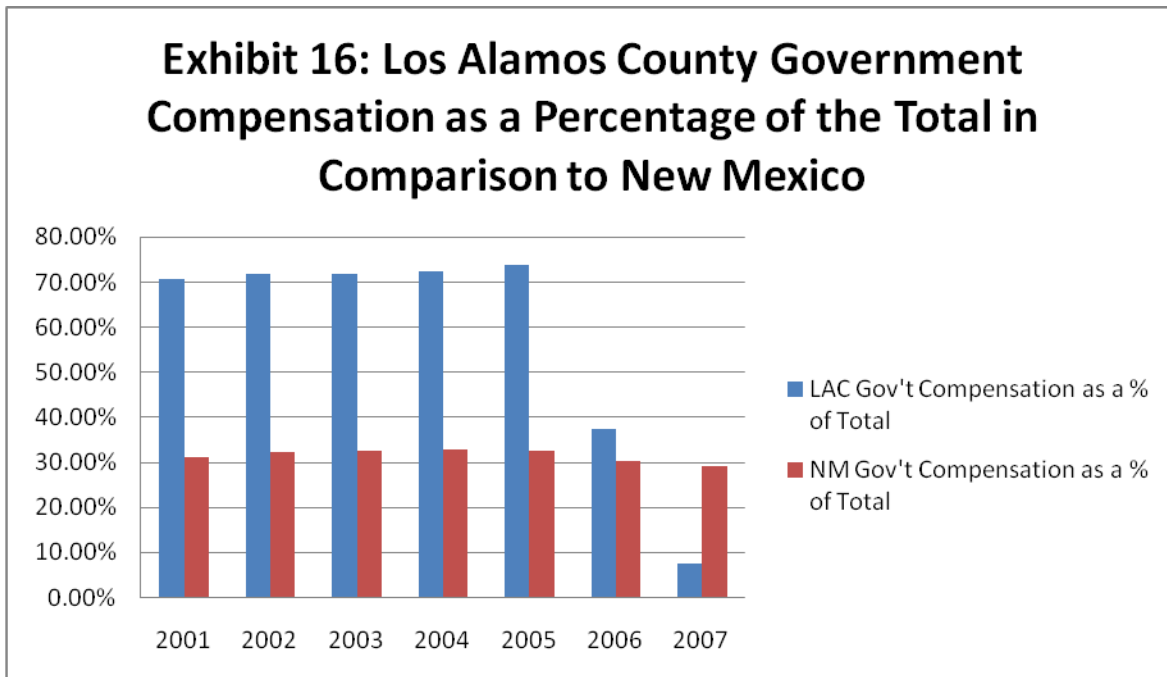
Major Sources of Employment Compensation in New Mexico Compared to Los Alamos

Employment numbers are important, but it is the level of employee compensation that drives the amount of disposable income in a community and the demand for different types of housing and ownership versus rental. In Los Alamos, almost three fourths (73.7%) of total compensation provided to employees comes from the professional, scientific and technical sectors (LANL), in contrast to 11.0% in New Mexico. Government employment is a very important part of total

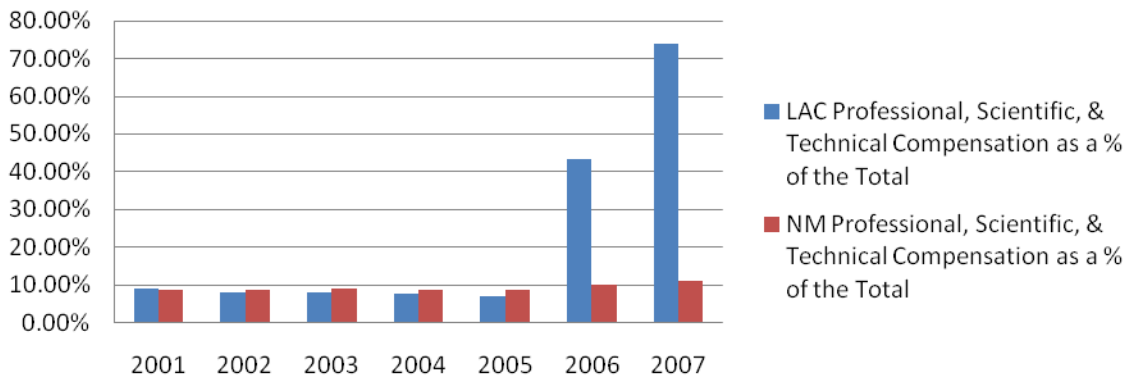
employee compensation in the State, as it represents 29.0% of total compensation received. In Los Alamos, the percentage share of employee compensation from government is one fourth of the State figure, representing only 7.3% of the total in Los Alamos.

The other four sectors which are traditionally the most important to the health of the New Mexico economy in terms of employee compensation are health care and social assistance (10.0% of the total), retail trade (7.3%), construction (6.8%) and manufacturing (5.7%). Although the accommodation and food services sector has more employees than does manufacturing, the average pay is much less, therefore manufacturing assumes a more important role in terms of employee compensation.

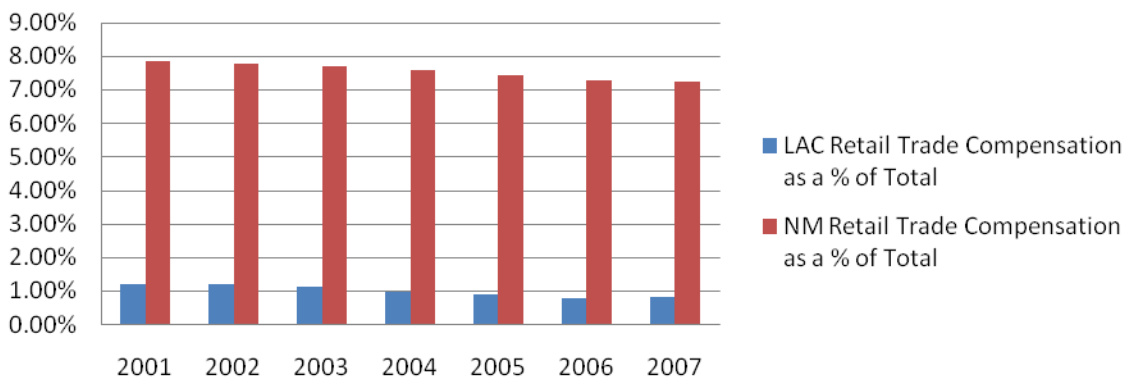
In Los Alamos, given that about three fourths of total compensation from local employment is attributable to LANL and another 7.3% of the total is paid to all levels of government employees, only approximately 18% remains for all other economic sectors. For comparison purposes with the State, the percentage of total employee compensation attributable to health care and social assistance is 2.9%, for construction the figure is 1.4%, for retail trade, 0.8%. Again, the recurrent theme is that there is no other private industry robust enough in Los Alamos to buffer the community from the impact of budget cutbacks at LANL.



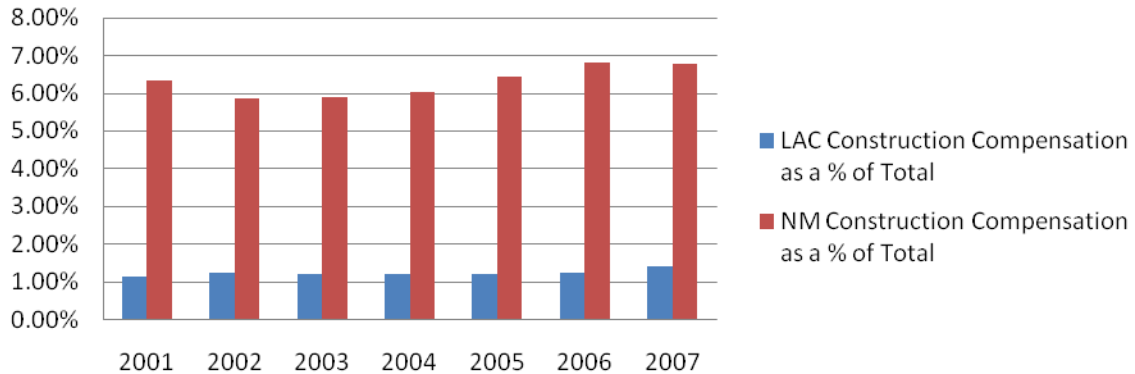
**Exhibit 17: Los Alamos County Professional, Scientific, and Technical Compensation as a Percentage of Total Compensation in Comparison to State of New Mexico**



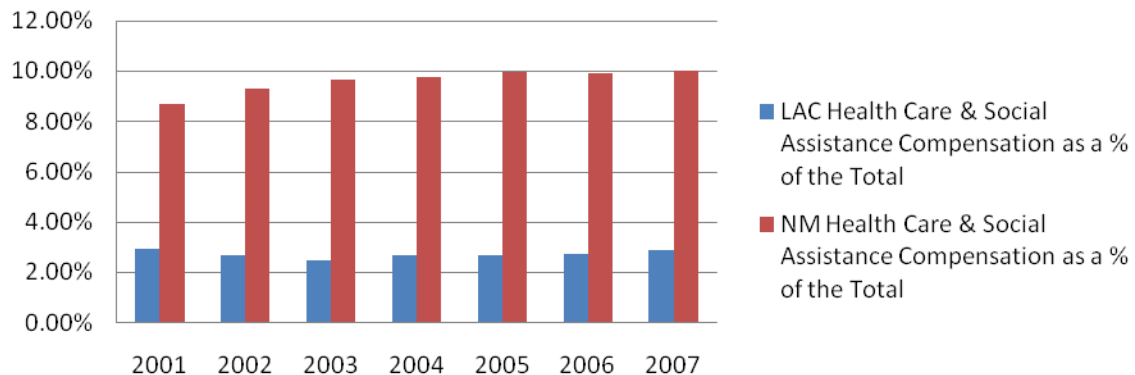
**Exhibit 18: Los Alamos County Retail Trade Compensation as a Percentage of Total Compensation in Comparison to State of New Mexico**



### Exhibit 19: Los Alamos County Construction Compensation as a Percentage of Total Compensation in Comparison to State of New Mexico



### Exhibit 20: Los Alamos County Health Care and Social Assistance Compensation as a Percentage of Total Compensation in Comparison to State of New Mexico



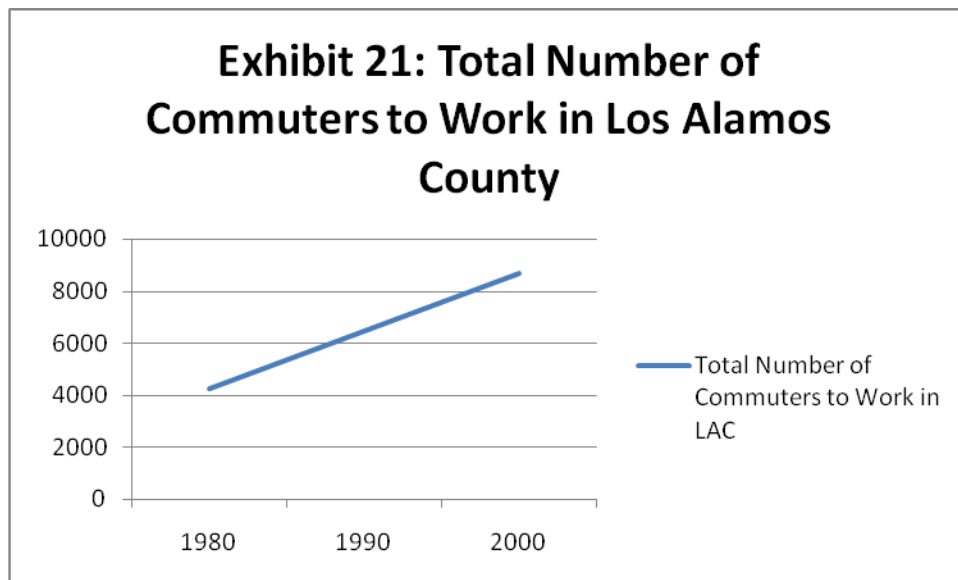
#### The Commuting Population

Historically, employees have commuted to work in Los Alamos. The Census Bureau does track this information during every census period, so that the information is available for the years 1980, 1990 and 2000. The following table provides information on the number of commuters to employment in Los Alamos by place of residence. The number of commuters has increased from 4,263 in 1980, to 6,485 in 1990 and 8,673 in 2000. The two counties from which employees commute the most are Santa Fe County (46.5% of total commuters) and Rio Arriba

County (37% of total commuters). Sandoval, Bernalillo and Taos counties represent secondary residential areas of Los Alamos employees.

<b>Table 14 Number of Commuters to Work in Los Alamos County by Place of Residence 1980 - 2000</b>			
County of Residence	2000	1990	1980
Santa Fe	4,030	3,088	1,825
Rio Arriba	3,209	2,755	1,954
Sandoval	605	256	206
Bernalillo	465	278	225
Taos	237	108	53
Valencia	55	0	0
Torrance	42	0	0
San Diego, CA	30	0	0
<b>Total</b>	<b>8,673</b>	<b>6,485</b>	<b>4,263</b>

Source: US Census Bureau, Population Division, Journey-to-Work and Migration Statistics Branch



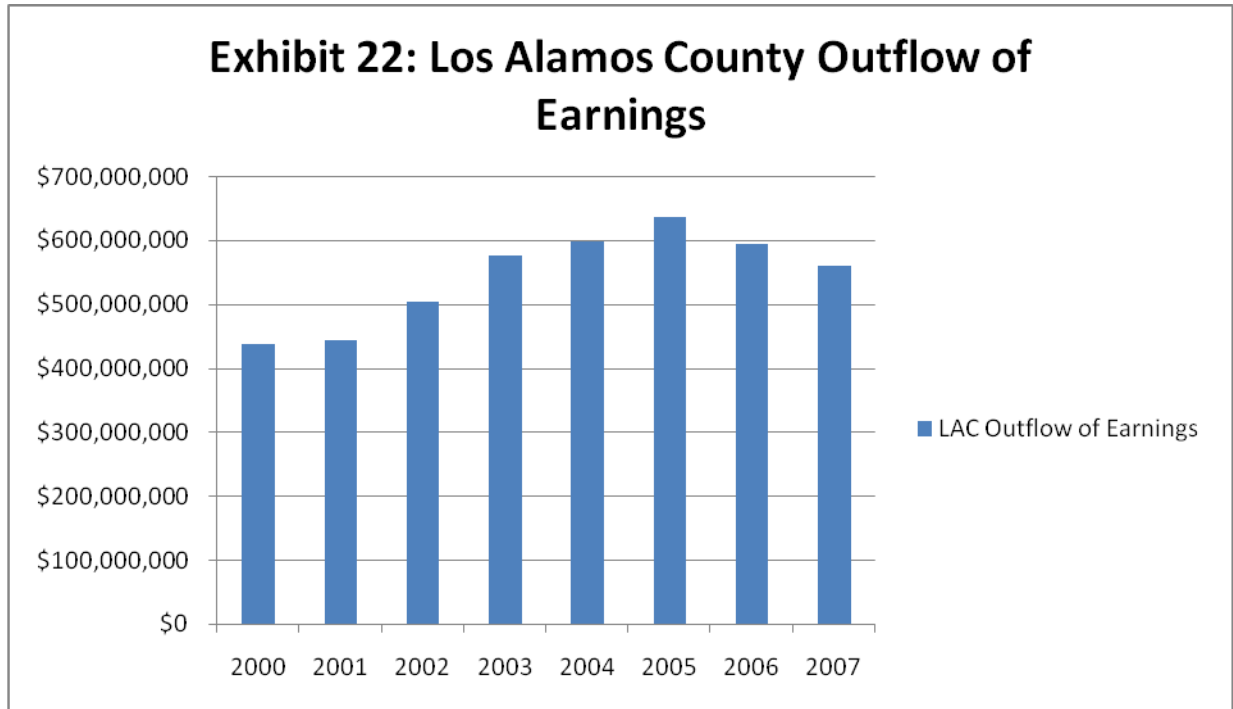
Comparing Census Bureau journey-to-work information with Bureau of Economic Analysis employment figures can create some inconsistencies in the data, but a general trend is identified by comparing the commuter population numbers with total employment numbers. In 1980, approximately 30% of Los Alamos County employees commuted to work from another place of residence. In 1990, this percentage increased to 35%. In 2000, the percentage increased once more to 44%. Although the percentages may not be precise, the trend is clear and indicates that an increasing share of employees have been commuting to work in Los Alamos for the 1980-2000 time period.

Economic Impact of Commuters

On an annual basis, the Census Bureau calculates the net outflow of earnings from a county which are attributable to employees who work in one County and live in another. This net outflow represents the income which would otherwise be spent within the county of employment, if the employee lived there. For Los Alamos, this net outflow of earnings is calculated at \$559,335,000 for 2007. No other county in New Mexico has a net outflow above \$36,000,000, other than Bernalillo County, where the net outflow of \$1.25 billion enables economic activity in Sandoval and Valencia County, both of which have net inflows in excess of \$0.5 billion. The primary beneficiaries of Los Alamos employment and its net outflow of earnings are Santa Fe County (net inflow of \$186.9 million) and Rio Arriba County (net inflow of \$150.9 million).

The loss of income to other residential areas negatively affects housing market demand in Los Alamos as well as demand for retail goods and services, healthcare and a wide range of other products which are typically offered in smaller, less affluent communities.

<b>Table 15</b> <b>Net Outflow of Earnings from Los Alamos County Resulting From</b> <b>Employees Who Work in Los Alamos County and Reside in Another County</b> <b>For the Period 2001- 2007</b> <b>(\$ in '000)</b>								
Area Name	2007	2006	2005	2004	2003	2002	2001	2000
Los Alamos County	\$559,335	\$594,115	\$635,344	\$598,281	\$575,357	\$503,926	\$443,852	\$436,860
Source: US Census Bureau, Population Division, Journey-to-Work and Migration Statistics Branch								



Regional Competition and the Relationship Between Economic Development and Workforce Housing

Los Alamos is part of a regional economy in northern New Mexico within which there is competition between employers in different areas for workers in most types of industry, among existing homeowners and housing developers in different areas for prospective homebuyers, among rental property managers for renters, among retail trade business owners in different areas for shoppers’ dollars and among regional purveyors of entertainment for other discretionary income of households.

In some lower paying industries such as food service, retail trade and lodging, for instance, Los Alamos employers compete with other employers in Santa Fe, where the city government there approved a minimum wage law that now entitles all workers to a minimum of \$9.50 per hour. Likewise, there is regional competition for nurses, nurses’ aides, teachers, police, fire and many other professional personnel that affect local employers’ ability to attract and retain workers. Failure to effectively compete with other employers in the region for employees can compromise a business’ ability to survive and grow. The provision of a workforce housing program can be another type of benefit which allows a Los Alamos employer to more effectively compete for employees with other comparable employers in the region. This is discussed in greater detail in Section 7.

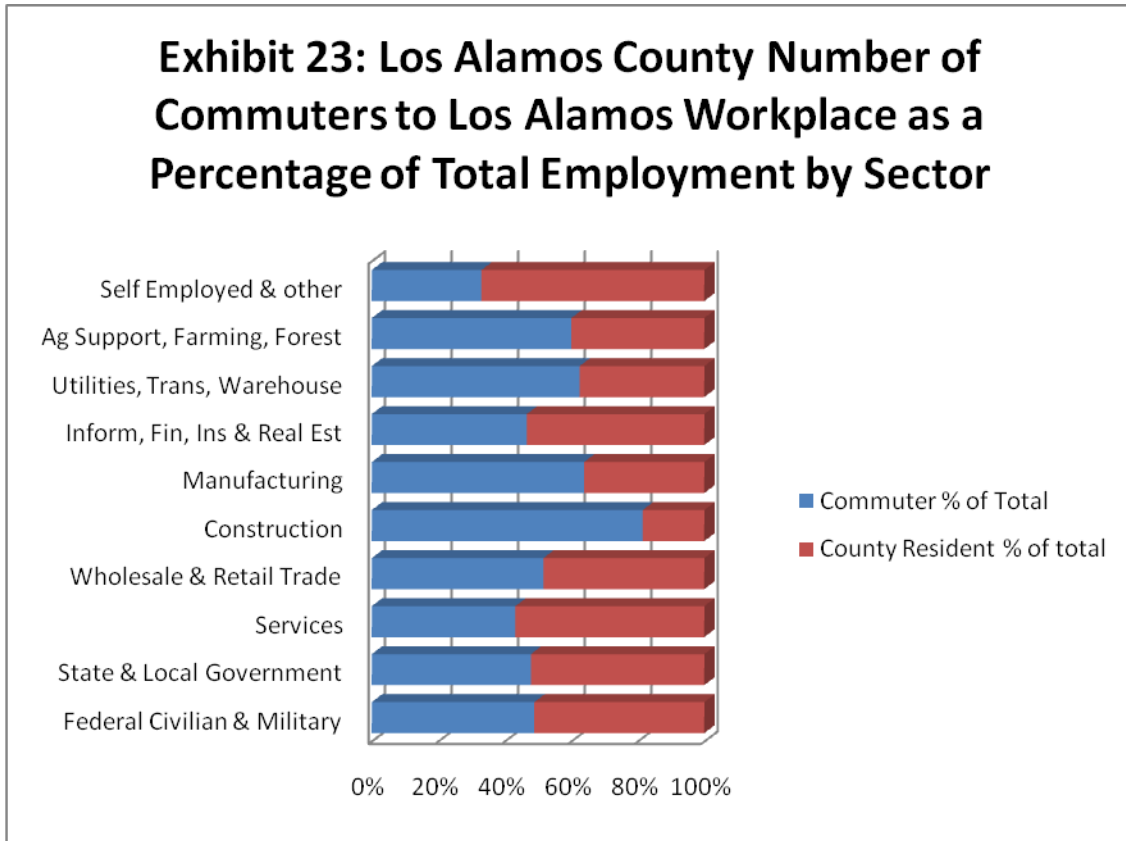
As reported in the 2000 Census, approximately one half of all employees commute to work. As depicted below, this varies somewhat by the type of industry. If local economic development efforts prove to be successful, there will be a potential significant increase in Los Alamos employment in retail trade, services, construction and other industries. This presumes that local employers will be able to successfully compete with other regional employers. It is more difficult



to compete for employees who live elsewhere. Again, a workforce housing program can enhance a community's ability to compete for these workers.

<b>Table 16</b>					
<b>Number of Commuters to Los Alamos Workplace</b>					
<b>by Type of Industry - 2000</b>					
Type of Industry	Employees who Commute from Outside County	Employees who are LAC Residents	Commuter % of Total	County Resident % of Total	
Federal Civilian & Military	3,754	3,925	49%	51%	
State & Local Government	1,464	1,595	48%	52%	
Services	1,628	2,140	43%	57%	
Wholesale & Retail Trade	373	350	52%	48%	
Construction	680	155	81%	19%	
Manufacturing	150	85	64%	36%	
Inform, Fin, Ins & Real Est	288	330	47%	53%	
Utilities, Trans, Warehouse	75	45	63%	38%	
Ag Support, Farming, Forest	15	10	60%	40%	
Self Employed & other	246	500	33%	67%	
<b>Total</b>	<b>8,673</b>	<b>9,135</b>	<b>49%</b>	<b>51%</b>	

Source: US Census Bureau, Population Division, Journey-to-Work and Migration Statistics Branch



In economic development discussions, the concept of retail trade leakage has been discussed quite a bit. It is a similar concept to the one presented earlier which described the net outflow of earnings attributable to workers who are employed in Los Alamos but reside elsewhere. Retail trade leakage refers to the amount of shoppers dollars that are spent in businesses outside of the local community. Retail trade leakage leads to loss of tax revenue. Given that gross receipts tax revenue goes to the local government within whose jurisdiction the business operates, the community that has the Borders, the Home Depot, the Wal-Mart, etc. receives the tax revenue generated from those sales.

Previous studies have calculated how much potential gross receipts tax revenue is lost due to retail trade leakage, and it is a substantial amount. If Los Alamos is successful in attracting additional retail and service businesses, additional tax revenue will be generated locally. An investment in a workforce housing program would improve employers' ability to attract and retain the employees necessary to staff the new businesses. Once the businesses are up and running, the additional tax revenue generated by those businesses can be expected to more than offset the initial expenditures on the program.



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# **Section 3**

# **Special Needs Housing**

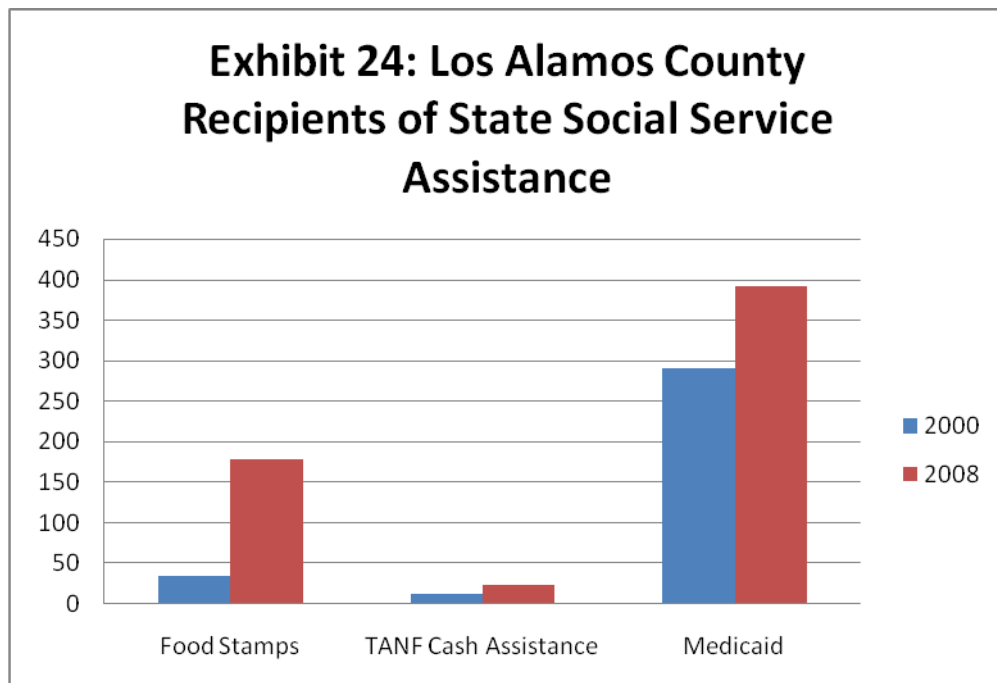
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Indicators of Special Needs

Within any community, there are segments of the population that have special needs for housing. In 2007 according to the Census Bureau, 576 individuals in Los Alamos were below the federal poverty level, up from 480 in 2000. From anecdotal evidence provided by local non-profit service providers and from state and local statistics, it is apparent that the number of individuals in need is growing.

One example is the number of recipients in the SNAP (Supplemental Nutrition Assistance Program). This used to be referred to as the food stamp program. According to the 2003 Los Alamos County Health Profile, prepared by the Los Alamos Community Health Council, there were 34 recipients in the food stamp program in Fiscal Year 2000 (July, 1999-June, 2000). As of April, 2009, there are now 178 recipients in the same program in Los Alamos. This represents a fivefold increase over a period of approximately 10 years. These statistics come from the Income Support Division of the New Mexico Human Services Department.

According to the same report from the Community Health Council, there were 12 Los Alamos recipients of TANF (Temporary Assistance for Needy Families) in Fiscal Year 2000. In April, 2009, according to Income Support Division statistics, there are now 24 Los Alamos recipients of TANF. This represents a twofold increase over the same period. TANF is a cash assistance program that income eligible individuals can use for housing, utilities, clothing and other basic necessities. The number of Medicaid eligible individuals in Los Alamos provides another indicator of the trend in special needs. In the Community Health Council report, the number of Medicaid eligible individuals in January, 2000 was 291. Nine years later on January, 2009, according to the Income Support Division, the number of Medicaid eligible individuals had increased to 391, a 34% percentage rise over nine years.



### Other Special Needs Indicators from Local Social Service Providers

Los Alamos Family Council, Inc. (LAFC) performs behavioral health services including services for substance abuse in Los Alamos. In FY 2008, LAFC served 387 clients. Over the past five years, LAFC has taken on from 231 to 397 new clients on an annual basis, in addition to providing services to their existing client base. 82% of LAFC's clients reside in Los Alamos, with the remainder living primarily in Santa Fe and Rio Arriba County. Approximately 25% of LAFC's clients have an annual income below \$12,500 per year; approximately 50% have an annual income under \$50,000.

Self-Help, Inc. is a local non-profit organization that provides one-time financial assistance with basic needs such as food, medicine, utility bills and rent. The organization provides one-on-one contact and assessment of clients seeking assistance with basic needs. In FY 2008, Self-Help provided emergency housing assistance to 86 households residing in Los Alamos. Another 250 households in Los Alamos received financial assistance to help pay utility bills. Fifty Los Alamos households received assistance with food, another 45 received medical assistance and another 30 were provided emergency assistance with transportation. A total of 450 Los Alamos households in need received emergency assistance from Self-Help, Inc. in FY 2008.

### Los Alamos County Indigent Program

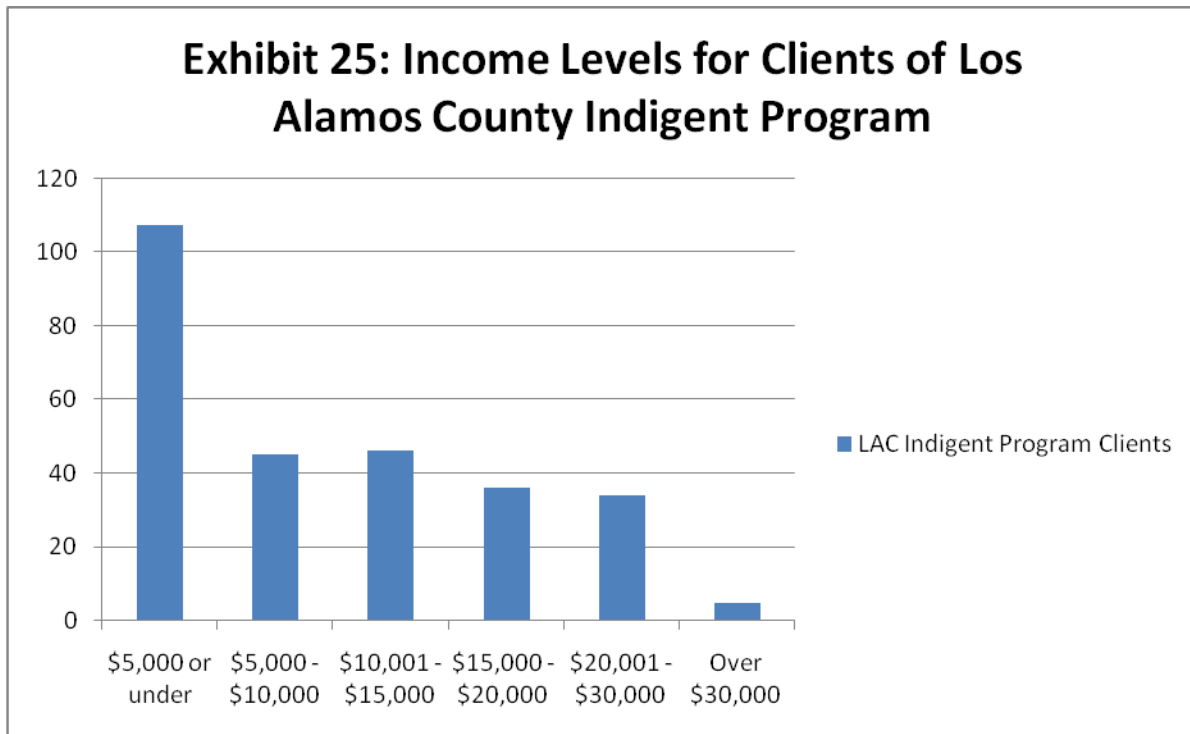
For income eligible households who are residents of Los Alamos, the Los Alamos County Indigent Program provides assistance for payment of primary care physicians, hospital stays, mental health services, prescriptions and other medical needs. As of April, 2009, 273 households received assistance. One hundred seven (39%) households had total income of \$5,000 or less. Another 45 (16%) households had total income between \$5,001 and \$10,000. An additional 46 (17%) households had an income of \$10,001 to \$15,000. Overall, 268 of the 273 recipients had total income equal to or less than \$30,000.

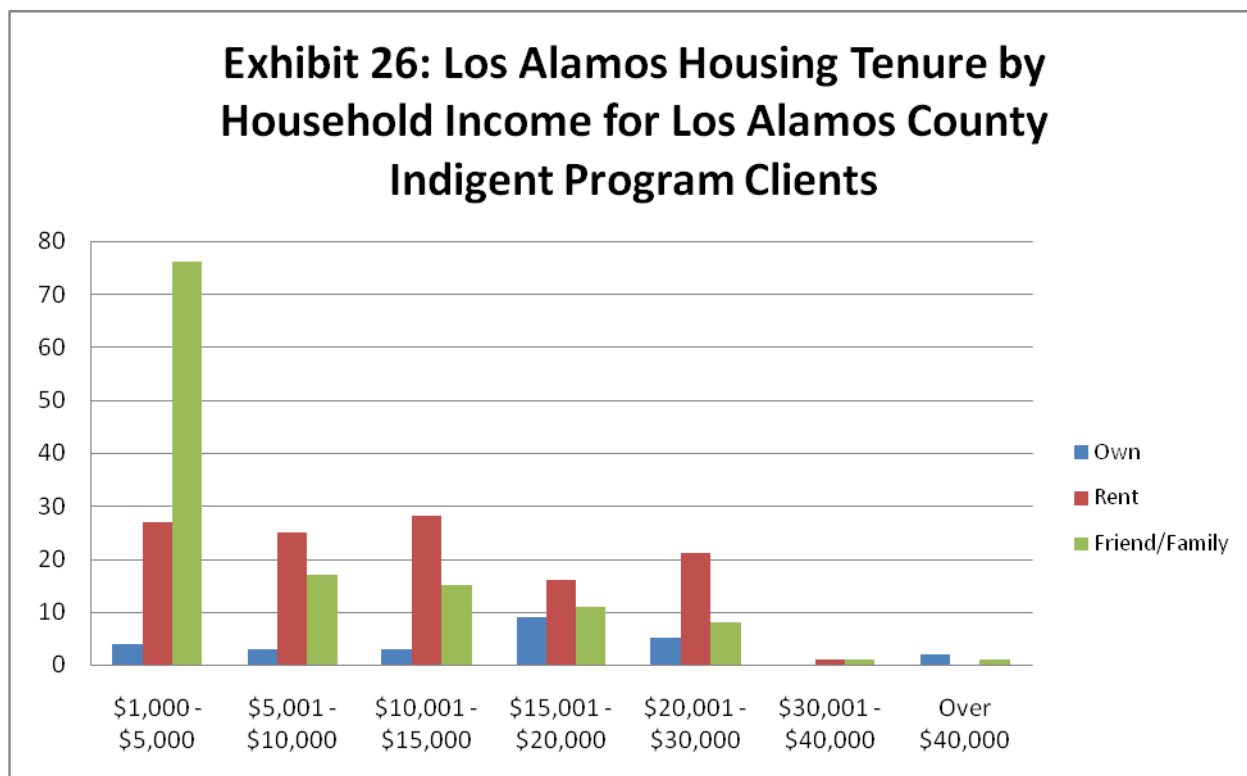
One hundred thirty of the program recipients do not own or rent a home, but either live with a family member, or live with friends. Some of these would be candidates for special needs housing, including transitional housing or permanent supportive housing. One hundred seventy-two of the recipients are single person households, which reinforces an earlier theme that non-family households have much different income characteristics than traditional married couple families, and that the growth in single person non-family households presents a special challenge for Los Alamos in meeting the demand for low and moderate income housing.

**Table 17**  
**Income, Household Type and Housing Characteristics for County Indigent Program**  
**Data as of April 29, 2009**

Household Income	# of Recipients	Housing Tenure			Household Size				Married Family	Other Type of Household	
		Own	Rent	Friend/Fam	1	2	3	4+		Household	Single
\$1,000 - \$5,000	107	4	26	77	87	9	5	6	5	15	87
\$5,001 - \$10,000	45	3	25	17	31	5	5	4	6	8	31
\$10,001 - \$15,000	46	3	28	15	30	8	4	4	6	10	30
\$15,001 - \$20,000	36	9	16	11	19	7	8	2	6	11	19
\$20,001 - \$30,000	34	5	21	8	5	11	2	16	16	13	5
\$30,001 - \$40,000	2	0	1	1	0	0	2	0	0	2	0
Over \$40,000	3	2	0	1	0	0	0	3	2	1	0
<b>Total</b>	<b>273</b>	<b>26</b>	<b>117</b>	<b>130</b>	<b>172</b>	<b>40</b>	<b>26</b>	<b>35</b>	<b>41</b>	<b>60</b>	<b>172</b>

Source: Los Alamos County





#### Section 8 Rental Voucher Program

Historically, the County had assisted Region II Housing Authority in the intake of applications for the Section 8 rental voucher assistance program. When Region II shut down in August of 2007 and Santa Fe Civic Housing Authority (SFCHA) assumed the role of the regional housing authority, the County continued to accept applications on behalf of SFCHA. With this intake role, the County has become knowledgeable of the household and income characteristics of applicants for this program.

The Section 8 rental voucher program is designed to assist households defined by Housing and Urban Development Department (HUD) as “very low income” and earning below 50% of Area Median Income as defined by HUD. In general terms, the voucher makes up the difference between 30% of the gross monthly income of the recipient and the monthly rent due the landlord. HUD imposes limits on maximum rent for which the voucher pays under this program. These limits are referred to as “fair market rent”. In Los Alamos, the 2009 fair market rent for an efficiency is \$625 per month; \$728 for a one bedroom apartment; \$955 for a two bedroom apartment and \$1,146 for a three bedroom apartment. Prevailing Los Alamos rents are significantly under these maximum limits.

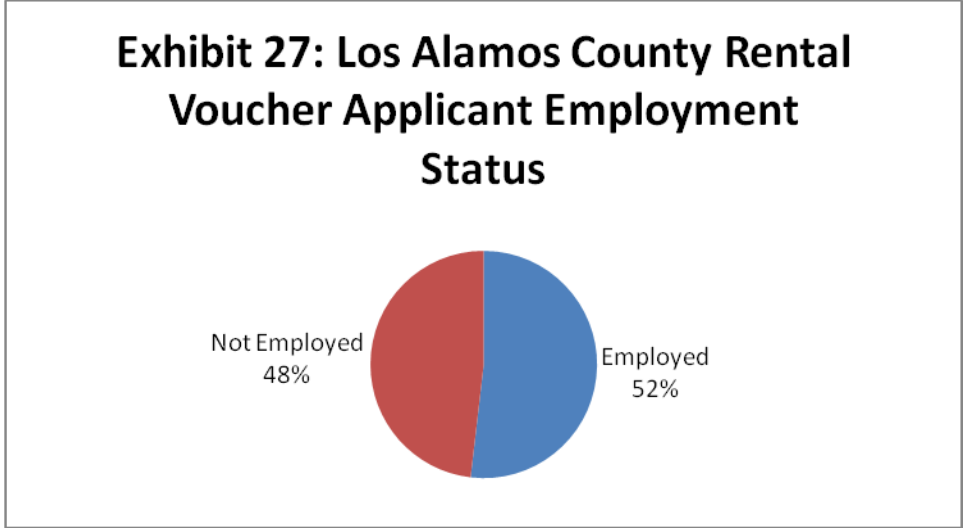
In September, 2008, 106 households were receiving Section 8 vouchers with another 43 households on the waiting list. Based on the number of applications that the County had received since that time and the lack of movement of people on the waiting list, it is estimated that as of June, 2009, there were 87 households on the waiting list seeking assistance.

Over the past twelve month period from June, 2008 to May, 2009, the County had received 54 applications for Section 8 rental voucher assistance. Forty-five of these 54 applicants reside in Los Alamos. Forty-nine of the 54 are either single person households (24) or are single parent headed households (25). Over 50% of applicants are employed, which is in contrast to a perception that most applicants for rental voucher assistance are not employed. The issue is not that they are not gainfully employed; it is that the level of education and/or training that they have and the industry in which they work does not provide the opportunity for a wage high enough to comfortably pay basic housing, utility, food and miscellaneous expenses.

**Table 18**  
**Income, Employment Status, Household Type, Current Residence for Rental Voucher Applicants Who Have Applied for Assistance During Period of June, 2008 - May, 2009**

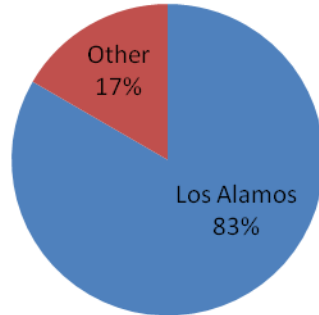
<b>Current Residence</b>		<b>Household Type</b>		
Los Alamos	Other	Single	Single Parent HH	Married Family
45	9	24	25	5
<b>Employed</b>		<b>Employment Income</b>		
Employed	Not Employed	Under \$10,000	\$10,000-\$20,000	Over \$20,000
28	26	6	15	7

Source: Los Alamos County

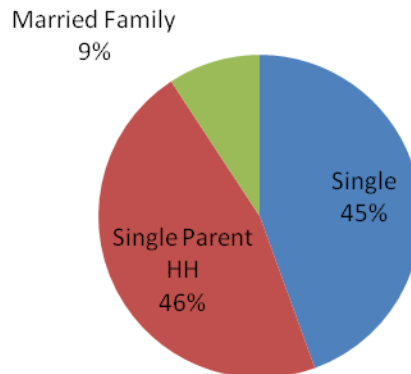




### Exhibit 28: Los Alamos County Rental Voucher Applicant Current Residence



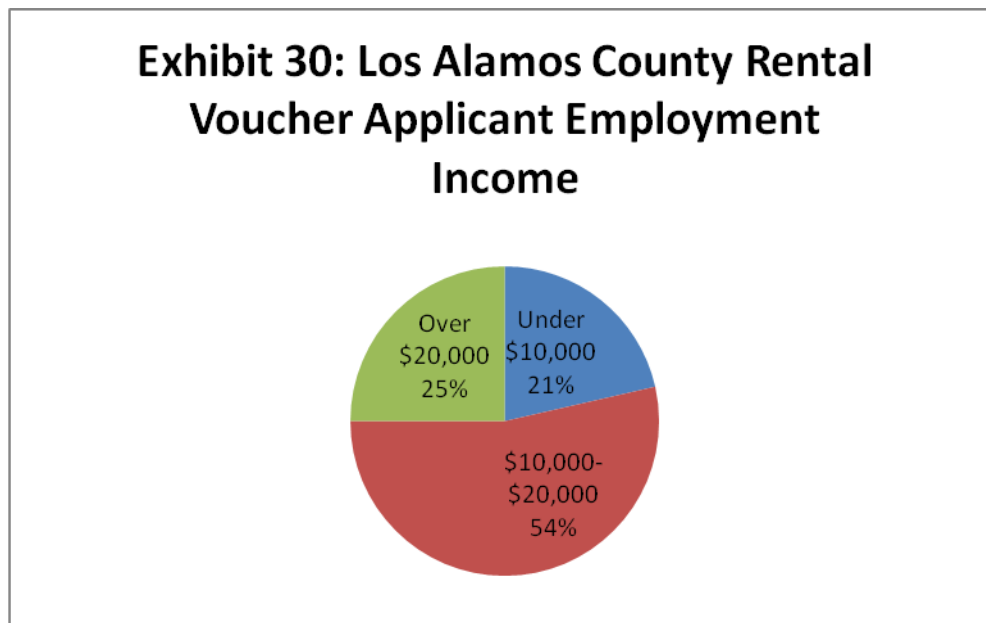
### Exhibit 29: Los Alamos County Rental Voucher Applicant Household Type



Virtually all of the employed applicants are paid on an hourly basis rather than salary. Given that most applicant households with children are single parent households, when a child is ill and extended family is not available to provide care, the wage earner must stay home and is not paid. The typical hourly wages reported by applicants range from \$7 per hour to \$10 per hour, with reported examples of employment in that category including Cities of Gold Casino, Metzger’s, Ruby K’s, Holiday Inn Express, Totavi Phillips 66, De Colores, Reel Deal Theater, Best Western Hilltop House, Chinshan Chinese Restaurant and Smith’s. Although quite a few report working an average of 40 hours per week, many work 20-30 hours, with other time spent on undergraduate school, other forms of job training and child care.

Working an average of 40 hours per week at \$10 per hour produces an annual income of \$20,800. Given that spending over 30% in rent creates a situation categorized by HUD as “cost-burdened,” the maximum annual rent that can reasonably be paid with a 30% financial

commitment toward rent is \$6,240, which translates to \$520 per month. In Los Alamos, this is not enough to enable such a household to rent a one bedroom apartment, other than at Mountain Vista, if there are vacancies. This explains the strong local interest in the Section 8 rental voucher assistance program and the large and growing waiting list for this assistance.



#### Piñon Trails Homeownership Program

The Los Alamos Housing Partnership, Inc. is a local non-profit organization that served as the developer of the Piñon Trails subdivision in White Rock. Piñon Trails is a 121 unit development that consists of 50 affordable homes sold to households most of whom would now be classified by HUD as “very low income,” with income levels at or below 50% of Area Median Income (AMI). The volume of demand for the Piñon Trails affordable homes was far in excess of the 50 available, so a lottery was held among income eligible candidates in 2003.

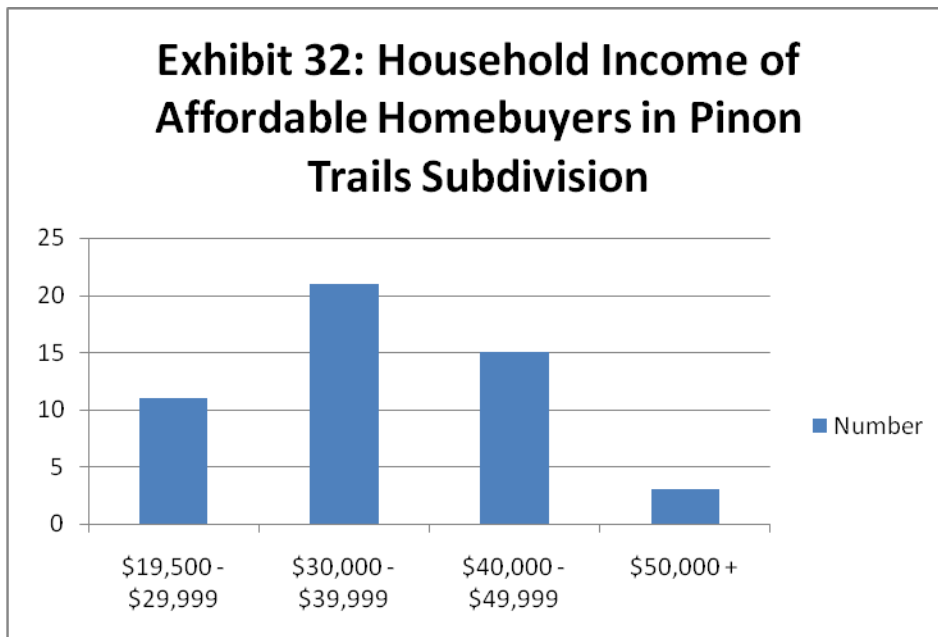
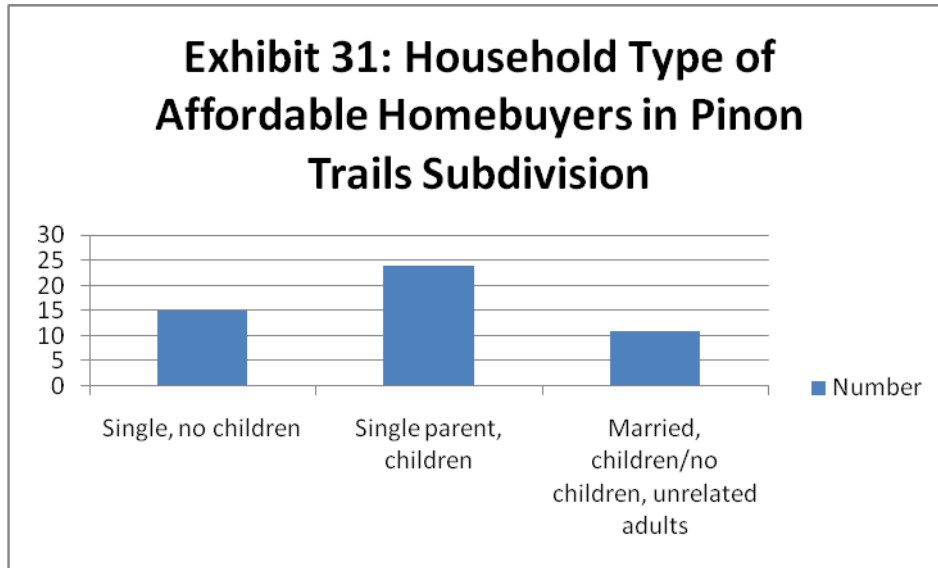
All of these homes were sold, with the last new affordable home being sold in 2006. Twenty-two percent of homebuyers had an annual income under \$30,000. Another 18% earned between \$30,000 and \$34,999, with another 24% in the \$35,000 to \$39,999 range. The median income of Piñon Trails affordable homebuyers was \$37,000. Eleven of the 50 affordable homebuyers were school teachers, another 6 were employed at Los Alamos County, 12 were contractors or employed at LANL, 6 were employees of Los Alamos National Bank and another 5 were employees of Los Alamos Medical Center. This homeownership program is properly categorized as workforce housing, as teachers, policemen, firemen, nurses and bank administrative personnel were all provided with subsidies that allowed them to purchase a home in the community in which they are employed. Eighty percent of the affordable homebuyers lived in Los Alamos prior to their home purchase at Piñon Trails; 20% lived in Santa Fe, Espanola or elsewhere in the Pojoaque Valley.

In terms of serving special needs, Piñon Trails sold 24 of its 50 affordable homes to single parent families. Although this type of household comprised only 7.2% of total households in Los

Alamos according to the 2000 Census, single parent households represented 48% of affordable home buyers in Piñon Trails.

Anecdotal evidence indicates that there is a strong demand for housing that can be provided at a similar price range. For Piñon Trails, the median price of an affordable home purchase, after subsidy, was \$159,000, with the subsidized base price ranging from \$115,960 to \$193,225.

<b>Table 19 Demographics of 50 Affordable Homebuyers in Piñon Trails Subdivision</b>		
<b>Previous Residence</b>	<b>Number</b>	<b>% of Total</b>
Los Alamos	40	80%
Santa Fe	4	8%
Pojoaque	1	2%
Espanola	4	8%
Out of State	1	2%
<b>Employer</b>	<b>Number</b>	<b>% of Total</b>
Los Alamos Public Schools	9	18%
Los Alamos County	5	10%
LANL and/or LANL Contractor	12	24%
LANB	6	12%
Retail Sector Business	1	2%
Service Sector Business	5	10%
LA Medical Center	2	4%
PTLA	1	2%
Valles Caldera Trust	1	2%
US Park Service	1	2%
YMCA	1	2%
Retired	2	4%
Espanola Public Schools	1	2%
Pojoaque Public Schools	1	2%
<b>Household Type</b>	<b>Number</b>	<b>% of Total</b>
Single, no children	15	30%
Single Parent, children	24	48%
Married, children	9	18%
Married, no children	1	2%
Unrelated adults	1	2%
<b>Household Income</b>	<b>Number</b>	<b>% of Total</b>
\$19,500 - \$29,999	11	22%
\$30,000 - \$34,999	9	18%
\$35,000 - \$39,999	12	24%
\$40,000 - \$44,999	9	18%
\$45,000 - \$49,999	6	12%
\$50,000 +	3	6%
Source: Los Alamos Housing Partnership, Inc.		



**Existing Housing Deficiencies (as Defined by HUD) in Los Alamos**

HUD describes an “existing housing condition” as a problem a household has with its ownership or tenancy of a housing unit. HUD defines an existing housing condition as a household having at least one of the following conditions: lacking plumbing facilities; lacking complete kitchen facilities; overcrowding with more than 1.01 persons per room; monthly owner costs greater than 30% of household income or gross rent as a percentage of household income being greater than 30%.

As part of the 2000 Census effort, both owner and renter households with existing housing conditions, as defined by HUD, were identified. One thousand two hundred five households had

existing housing conditions, with 780 owner households and 425 renter households reporting these conditions. Out of the 1,205 total, 231 households with age of household head 62 and over reported having existing housing conditions.

Forty percent of households with existing housing conditions were single person households. Twenty-five percent were two person households. These numbers reinforce the difficulties that nonfamily households have in terms of lower incomes and a more restricted range of affordable housing in the Los Alamos market. Although these numbers will change from 1999 to the present, it is fair to assume that many of the housing problems currently existing in Los Alamos are among non-family households, elderly households and single head of household families. Programs need to be structured with this client mix in mind.

### Disabled Population

According to the 2000 Census, 1,931 Los Alamos residents, comprising 10.5% of the total population, have some type of disability. Between the ages of 5 and 20, 226 individuals had a disability. Nine hundred forty-six individuals between the age of 21 and 64 had a disability. In the age 65 and over group, 759 seniors were counted by the Census Bureau as having some form of physical or mental disability.

<b>Table 20</b>						
<b>Estimated Number of Los Alamos County Households with Existing Housing Conditions by Household Income, Size of Household and Owner/Renter Status - 1999</b>						
<b>All Households With Existing Housing Conditions</b>						
Household Income	Total	1 person	2 persons	3 persons	4 persons	5+ persons
Less than \$10,000	198	144	54	0	0	0
\$10,000 - \$14,999	108	79	25	0	0	4
\$15,000 - \$24,999	237	128	71	24	4	10
\$25,000 - \$34,999	140	62	32	22	24	0
\$35,000 - \$49,999	205	24	73	34	64	10
\$50,000 - \$69,999	160	28	24	33	45	30
\$70,000 - \$99,999	113	10	8	20	30	45
\$100,000 and over	44	4	12	10	8	10
<b>Total</b>	<b>1,205</b>	<b>479</b>	<b>299</b>	<b>143</b>	<b>175</b>	<b>109</b>
<b>Owner Households With Existing Housing Conditions</b>						
Household Income	Total	1 person	2 persons	3 persons	4 persons	5+ persons
Less than \$10,000	80	45	35	0	0	0
\$10,000 - \$14,999	59	34	25	0	0	0
\$15,000 - \$24,999	126	75	27	14	0	10
\$25,000 - \$34,999	88	38	18	18	14	0
\$35,000 - \$49,999	157	24	59	34	30	10
\$50,000 - \$69,999	136	28	24	29	35	20
\$70,000 - \$99,999	94	10	4	20	30	30
\$100,000 and over	40	4	12	10	4	10
<b>Total</b>	<b>780</b>	<b>258</b>	<b>204</b>	<b>125</b>	<b>113</b>	<b>80</b>
<b>Renter Households With Existing Housing Conditions</b>						
Household Income	Total	1 person	2 persons	3 persons	4 persons	5+ persons
Less than \$10,000	118	99	19	0	0	0
\$10,000 - \$14,999	49	45	0	0	0	4
\$15,000 - \$24,999	111	53	44	10	4	0
\$25,000 - \$34,999	52	24	14	4	10	0
\$35,000 - \$49,999	48	0	14	0	34	0
\$50,000 - \$69,999	24	0	0	4	10	10
\$70,000 - \$99,999	19	0	4	0	0	15
\$100,000 and over	4	0	0	0	4	0
<b>Total</b>	<b>425</b>	<b>221</b>	<b>95</b>	<b>18</b>	<b>62</b>	<b>29</b>
Note: "With Existing Housing Conditions" is defined as a household having at least one of the following housing conditions: lacking complete plumbing facilities, lacking complete kitchen facilities, overcrowding with more than 1.01 persons per room, and monthly owner costs greater than 30% of household income (1999) or gross rent as a percentage of household income (1999) of greater than 30%. Source: HUD; Economic & Market Analysis Division						

**Table 21**

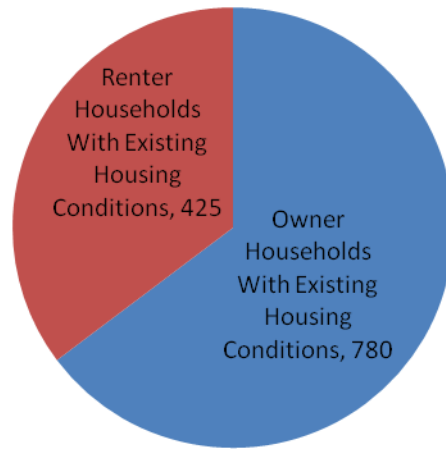
**Estimated Number of Los Alamos County Households Age 62+ with Existing Housing Conditions by Household Income, Size of Household and Owner/Renter Status - 1999**  
**All 62+ Households With Existing Housing Conditions**

Household Income	Total	1 person	2 persons	3 persons	4 persons	5+ persons
Less than \$10,000	68	49	19	0	0	0
\$10,000 - \$14,999	39	24	15	0	0	0
\$15,000 - \$24,999	60	38	22	0	0	0
\$25,000 - \$34,999	30	8	18	4	0	0
\$35,000 - \$49,999	22	4	14	4	0	0
\$50,000 - \$69,999	8	4	0	4	0	0
\$70,000 - \$99,999	0	0	0	0	0	0
\$100,000 and over	4	0	4	0	0	0
<b>Total</b>	<b>231</b>	<b>127</b>	<b>92</b>	<b>12</b>	<b>0</b>	<b>0</b>
<b>Owner Households Age 62+ With Existing Housing Conditions</b>						
Household Income		1 person	2 persons	3 persons	4 persons	5+ persons
Less than \$10,000	45	30	15	0	0	0
\$10,000 - \$14,999	29	14	15	0	0	0
\$15,000 - \$24,999	38	30	8	0	0	0
\$25,000 - \$34,999	20	8	8	4	0	0
\$35,000 - \$49,999	12	4	4	4	0	0
\$50,000 - \$69,999	8	4	0	4	0	0
\$70,000 - \$99,999	0	0	0	0	0	0
\$100,000 and over	4	0	4	0	0	0
<b>Total</b>	<b>156</b>	<b>90</b>	<b>54</b>	<b>12</b>	<b>0</b>	<b>0</b>
<b>Renter Households Age 62+ With Existing Housing Conditions</b>						
Household Income		1 person	2 persons	3 persons	4 persons	5+ persons
Less than \$10,000	23	19	4	0	0	0
\$10,000 - \$14,999	10	10	0	0	0	0
\$15,000 - \$24,999	22	8	14	0	0	0
\$25,000 - \$34,999	10	0	10	0	0	0
\$35,000 - \$49,999	10	0	10	0	0	0
\$50,000 - \$69,999	0	0	0	0	0	0
\$70,000 - \$99,999	0	0	0	0	0	0
\$100,000 and over	0	0	0	0	0	0
<b>Total</b>	<b>75</b>	<b>37</b>	<b>38</b>	<b>0</b>	<b>0</b>	<b>0</b>

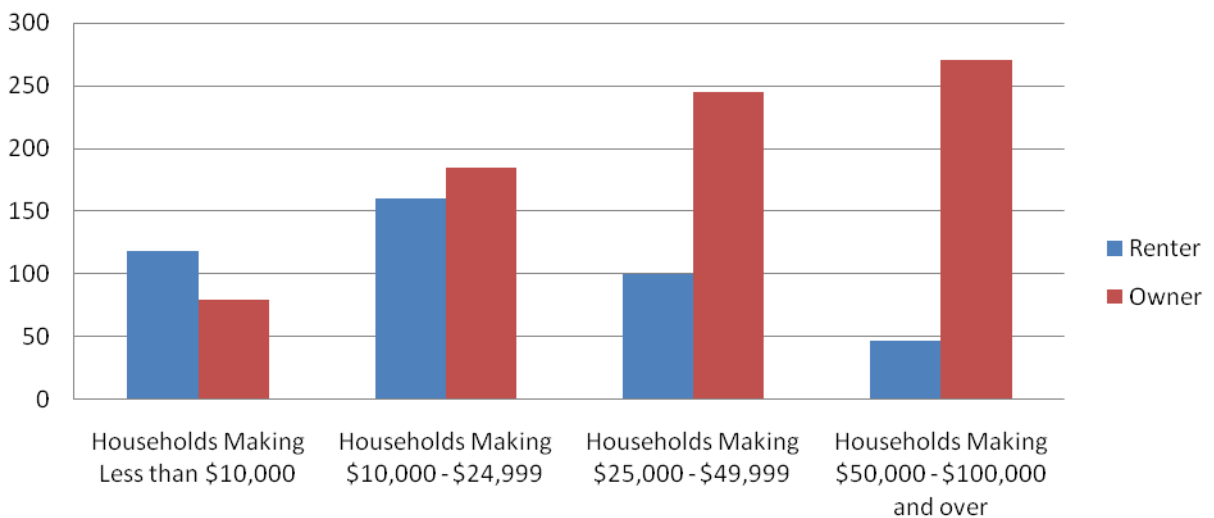
Note: "With Existing Housing Conditions" is defined as a household having at least one of the following housing conditions: lacking complete plumbing facilities, lacking complete kitchen facilities, overcrowding with more than 1.01 persons per room, and monthly owner costs greater than 30% of household income (1999) or gross rent as a percentage of household income (1999) of greater than 30%.

Source: Department of Housing and Urban Development; Economic and Market Analysis Division

**Exhibit 33: Number of Los Alamos County Owner and Renter Households With Existing Housing Conditions (1999)**



**Exhibit 34: Los Alamos County Owner and Renter Households with Existing Housing Conditions (1999)**







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# **Section 4**

# **Housing Market Analysis**

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### Brief History of Los Alamos Housing

The historical information presented herein is drawn from two primary sources: “The Housing Manual – for Laboratory Employees and Supervisors” created by the Personnel Department of Los Alamos Scientific Laboratory in 1956 and “Quads, Shoeboxes and Sunken Living Rooms- A History of Los Alamos Housing,” authored by Craig Martin.

Los Alamos has a history of government involvement in the production and allocation of housing. In 1942, the Army Corps of Engineers formed the Manhattan Engineer District to be in charge of all construction to support the wartime effort, including residential construction. Following the end of World War II, in 1946, management of Los Alamos Scientific Laboratory was transferred from military control to civilian control within a newly created Atomic Energy Commission (AEC). The AEC owned the housing in Los Alamos, with the Zia Company being responsible for management.

The AEC arranged for land development and home construction to occur at a volume sufficient to accommodate projected employment levels. Typically, actual employment exceeded the amount that was projected, which resulted in housing shortages and/or inadequate housing choices being available among different unit types. All housing units were allocated by a Housing Policy Board, which utilized an elaborate point system to allocate available units among employees.

Residents did not have the option to purchase their own home until the late 1950s when the AEC sold land upon which the Barranca Mesa subdivisions were developed. It was not until 1965 that all of the original homes constructed under federal government control were made available for private purchase.

A part of town known as the Western Area was constructed beginning in 1946 and 1947, with the construction of 350 original homes, which included 116 duplexes. The next phase of Western Area development continued in 1948 with the construction of 150 homes, 100 of which were duplexes. From 1949 to 1955, a lesser amount of additional housing was constructed to substantially build out the Western Area.

After the Western Area, the next major focus of residential construction was a residential area known as the North Community. In 1949 and 1950, 584 units were built in what was referred to as “Group 11” homes. Three hundred ninety-four of these units were duplexes and another 48 were apartment units. Following this were the “Group 12” homes, consisting of 446 units, 276 of which were apartments referred to as “quads.” Next came Groups 13, 14A, 14B and 15, all of which had a high concentration of duplexes and quads and a relatively few number of single family detached units.

Along with the Western Area and the North Community, the other oldest development area is the Eastern Area. It is in the Eastern Area that most of the current apartment inventory was built. The Los Alamos Apartments, Gold Street Apartments, Chapel Apartments and others within the Eastern Area were built in the late 1940s and early 1950s. Although there has been

new apartment development since this time, the majority of the rental apartment housing stock in Los Alamos is 50 to 60 years old.

The most likely candidates for housing rehabilitation are located in the oldest development areas of the Western Area, North Community and Eastern Area. The map on the following page highlights the location of these areas within the Townsite.

From review of historical material, Los Alamos has long recognized the interrelationship between attracting employment and providing housing. Even back in 1948 after the AEC recognized that attracting a sufficient number of construction workers was difficult, its solution was to provide temporary housing for those workers in a construction camp in what is now White Rock. Later, White Rock was privately developed into permanent housing with a full complement of commercial goods and services.

Age of Housing Units

The following table provides a listing of housing units in Los Alamos by the year in which the unit was built. Most of the units in the Western Area, North Community and Eastern Area were constructed prior to 1960 and are prime candidates for the housing rehabilitation program. There may be other single family and multifamily structures that are candidates for substantial rehabilitation or demolition, such as the 132 unit Los Alamos Apartments, which were built in 1949 and now face demolition of all but 24 units. Many of the other apartments in the Eastern Area were built around the same time as the Los Alamos Apartments. A program that would make it easier for private owners to undertake redevelopment of obsolete and substandard structures may prove to generate interest given the age of many of the structures.

<b>Table 22</b>	
<b>Year of Structure Built in Los Alamos County</b>	
<b>Year Structure Built</b>	<b># of Units</b>
April, 2000 - May, 2009	717
March, 1990 - March, 2000	740
1980 - March, 1990	1048
1970 - 1979	1585
1960 - 1969	1714
1940 - 1959	2517
1939 or earlier	22
<b>Total</b>	<b>8,343</b>

Source: US Census and Los Alamos County

### Change in Total Housing Units and Number of Owner vs Renter Occupied from 1990 to 2000

The 2000 Census counted 7,937 housing units, 5,894 of which were owner occupied and 1,603 of which were renter occupied. The total housing unit count increased by 372 over this ten year period, an average of 37 units per year. The number of renter occupied units was down by 243 from 1990 while the number of owner-occupied units was up by 527. The Census estimated decrease in renter occupied units over this ten year period is curious, given that 196 rental units in three apartment complexes were built during the 1990s. These apartments are the 120 unit Canyon Village complex, the 36 unit Mesa del Norte complex and the 40 unit Caballo Peak complex. The latter two projects were built under the federal low income housing tax credit program.

With few or no rental units having been demolished during the 1990s, and assuming that the census count of renter occupied units was correct for 1990 and 2000, the explanation for this decrease in rental stock is twofold: condominium conversion of existing apartments, and owner sale of previously rented individual units. For instance, the condominium conversion of the former Ridge Park Apartments at 505 Oppenheimer converted 118 units from rental to ownership. Even with this decrease in the number of rental units, the estimated rental vacancy rate, as estimated by the Census Bureau, doubled from 1990 to 2000. The rental vacancy rate in 1990 was estimated at 5.2%; in 2000, the estimated vacancy rate was 11.3%. It appears that the decline in prevailing mortgage rates during the 1990s enabled a substantial number of existing renters to purchase existing homes during this time. This contributed to the continuing low homeowner vacancy rate of 1.1%, up slightly from 0.8% in 1990.

<b>Table 23</b>			
<b>Housing Characteristics of Los Alamos County</b>			
Housing Units	2009 (est)	2000	1990
<b>Housing Units</b>			
Total # of Housing Units	8,343	7,937	7,565
# of Occupied Housing Units	7,781	7,497	7,213
# of Vacant Housing Units	562	440	352
Owner Occupied Units	6,177 (includes vacant)	5,894	5,367
Renter Occupied Units	2,166 (includes vacant)	1,603	1,846
Homeowner Vacancy Rates	Overall vacancy rate	1.1%	0.8%
Rental Vacancy Rates	is estimated at 6.7%	11.3%	5.2%
<b>Type of Unit</b>	<b># of Units</b>	<b>% of Total</b>	
Single Family Detached	5,160	61.85%	
Townhome	884	10.60%	
Duplex	208	2.49%	
Condominium (includes xplex)	882	10.57%	
Apartments	1,022	12.25%	
Mobile Home	187	2.24%	
Total	8,343	100.00%	

Sources: US Census for 1980, 1990 and 2000 information, estimates for 2009 provided by LAC

### Change in Total Housing Units and Number of Ownership vs Rental Units from 2000 to 2009

The number of existing housing units in 2009 was estimated at 8,343. The count was done in two ways. First, the 7,937 housing units estimated by the census in 2000 were subtracted by the 357 units destroyed in the Cerro Grande fire. Then, the total number of new residential units permitted from 2000 through 2008 was added to this total. This produced a control number of 8,343 units. Using County Assessor data, a count of all units by major subdivision area was performed. As a check on this count, a review of existing GIS maps which identify all residences was performed. The subdivisions for which counts were performed included North Community, Western Area, Eastern Area, Barranca Mesa, Quemazon, Tsikimu Village and other mobile home areas, including La Mesa Mobile Home Park and Royal Crest, the remainder of the Townsite, Pajarito Acres, La Senda and the remainder of White Rock.

Total housing unit counts were performed for each subdivision area and an estimate of ownership units versus rental units was made by comparing the property address to the address where the property tax bill was mailed. If the mailing address was not a mortgage company and was outside of Los Alamos, it was assumed that this was a rental unit. If the mailing address was in Los Alamos but was different than the subject property address, it was assumed that 50% of these units were rental units.

With these assumptions in place, a total of 6,177 ownership units and 2,166 rental units were estimated. Of the 2,166 rental units, 1,022 of these units were classified by the County Assessors as apartments. Nine hundred two of these apartments are in the Eastern Area and are primarily older units (50+ years in age). One hundred seventy-three of these units were mobile homes, where either the unit or the lot was rented. The remainder are homes purchased for income property, including many condominiums, quadraplexes and duplexes and other homes being rented until values increase in the market or until a buyer can be found.

The calculation of a vacancy rate was done in three ways. First, an apartment survey was conducted that identified vacancies for the 1,000+ apartment units existing in Los Alamos. Second, a count was received from the County Utilities Department of the number of units on individual meters where no water consumption was reported during a three year period. Third, the 2008 population count in Los Alamos was divided by the projected average persons per household with the quotient representing the estimated current number of occupied housing units. Using all of these measures, an overall number of vacant units was estimated at 562, representing a vacancy rate of 6.7% for all units, up from 5.5% in 2000 and 4.7% in 1990. The results of the apartment market survey and vacancy rate will be presented later in this section.

Housing Unit Type	Total	North Community	Western Area	Eastern Area	Barranca/ Quemazon	Townsite Remainder	Mobile Home Areas	Pajarito Ac/ La Senda	White Rock Remainder
<b>Single Family Detached</b>									
# of Ownership Units	4,734	372	516	322	696	674	114	306	1,734
# of Rental Units	426	31	71	25	46	59	32	21	141
<b>Subtotal</b>	<b>5,160</b>	<b>403</b>	<b>587</b>	<b>347</b>	<b>742</b>	<b>733</b>	<b>146</b>	<b>327</b>	<b>1,875</b>
<b>Duplex</b>									
# of Ownership Units	113	93	20	0	0	0	0	0	0
# of Rental Units	95	79	14	0	0	2	0	0	0
<b>Subtotal</b>	<b>208</b>	<b>172</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Townhomes</b>									
# of Ownership Units	731	239	136	0	98	157	0	0	101
# of Rental Units	153	55	30	0	22	25	0	0	21
<b>Subtotal</b>	<b>884</b>	<b>294</b>	<b>166</b>	<b>0</b>	<b>120</b>	<b>182</b>	<b>0</b>	<b>0</b>	<b>122</b>
<b>Condominiums</b>									
# of Ownership Units	585	228	12	103	4	220	0	0	18
# of Rental Units	297	125	0	43	2	121	0	0	6
<b>Subtotal</b>	<b>882</b>	<b>353</b>	<b>12</b>	<b>146</b>	<b>6</b>	<b>341</b>	<b>0</b>	<b>0</b>	<b>24</b>
<b>Apartments</b>									
# of Rental Units	1,022	16	0	902	0	88	0	0	16
<b>Subtotal</b>	<b>1,022</b>	<b>16</b>	<b>0</b>	<b>902</b>	<b>0</b>	<b>88</b>	<b>0</b>	<b>0</b>	<b>16</b>
<b>Mobile Homes</b>									
# of Ownership Units	14	0	0	0	0	0	14	0	0
# of Rental Units	173	0	0	0	0	0	173	0	0
<b>Subtotal</b>	<b>187</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>187</b>	<b>0</b>	<b>0</b>
<b>All Dwelling Units</b>									
# of Ownership Units	6,177	932	684	425	798	1,051	128	306	1,853
# of Rental Units	2,166	306	115	970	70	295	205	21	184
<b>Total Owner/Rental Units</b>	<b>8,343</b>	<b>1,238</b>	<b>799</b>	<b>1,395</b>	<b>868</b>	<b>1,346</b>	<b>333</b>	<b>327</b>	<b>2,037</b>
# of Vacant Lots	213	72	8	20	61	25	5	1	21

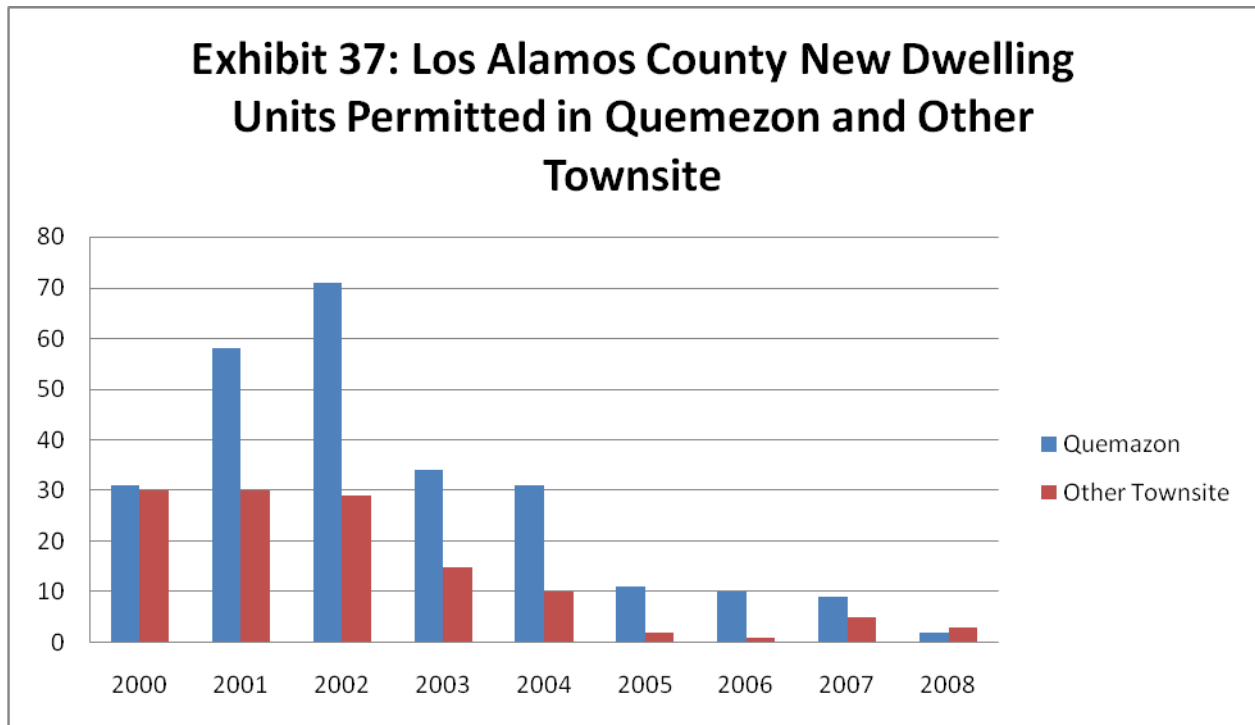
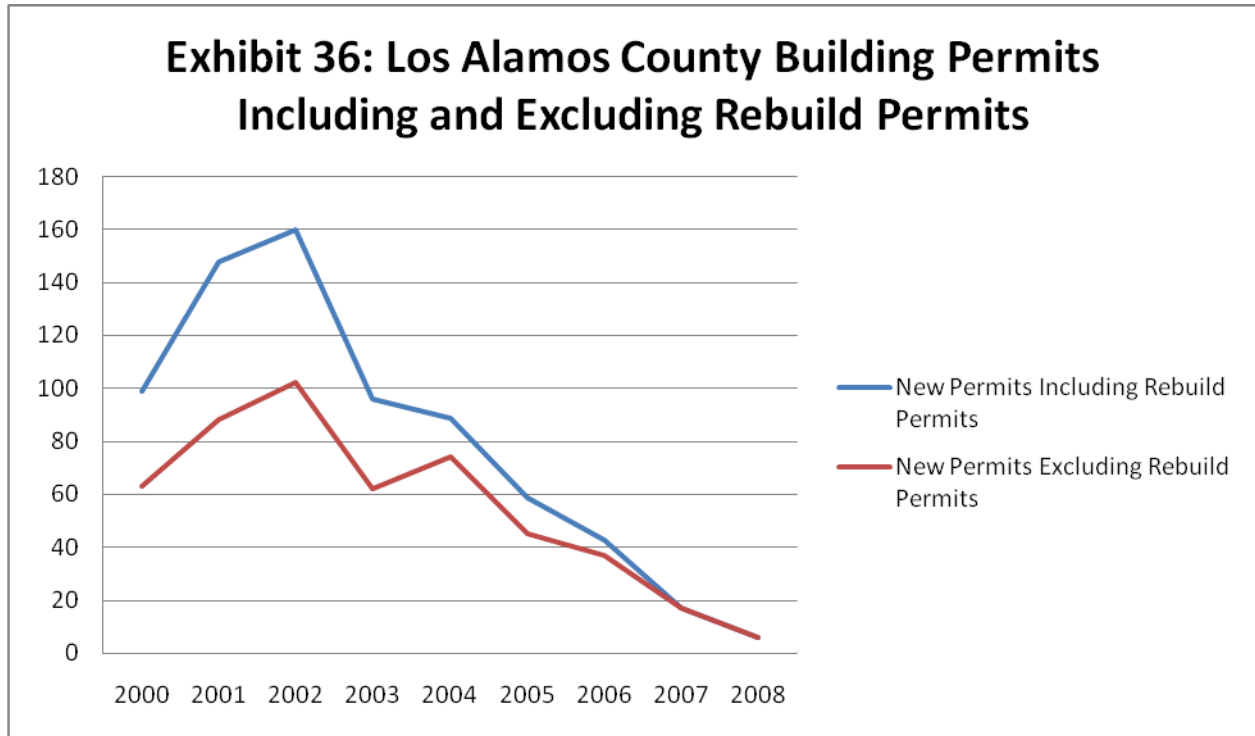
Source: Los Alamos County

**Building Permit Trends**

From 2000 to 2008, 494 permits for new dwelling units were issued, plus an additional 223 rebuild permits after the Cerro Grande fire. Annual averages were 55 for the new dwelling unit permits and 23 for the rebuilds. For the new permits, not including the rebuilds, there were five subdivisions in which most of the activity occurred: Ponderosa Estates, Canyon Glen, Hawks Landing, Piñon Trails and Quemazon. There has been no permit activity at Ponderosa Estates since 2003. Hawks Landing and Canyon Glen are built out. Piñon Trails is approximately 87% built out. There are remaining lots available in Quemazon. It is interesting to note that Piñon Trails comprised all but 9 of the new dwelling unit permits in White Rock from 2000 through 2009.

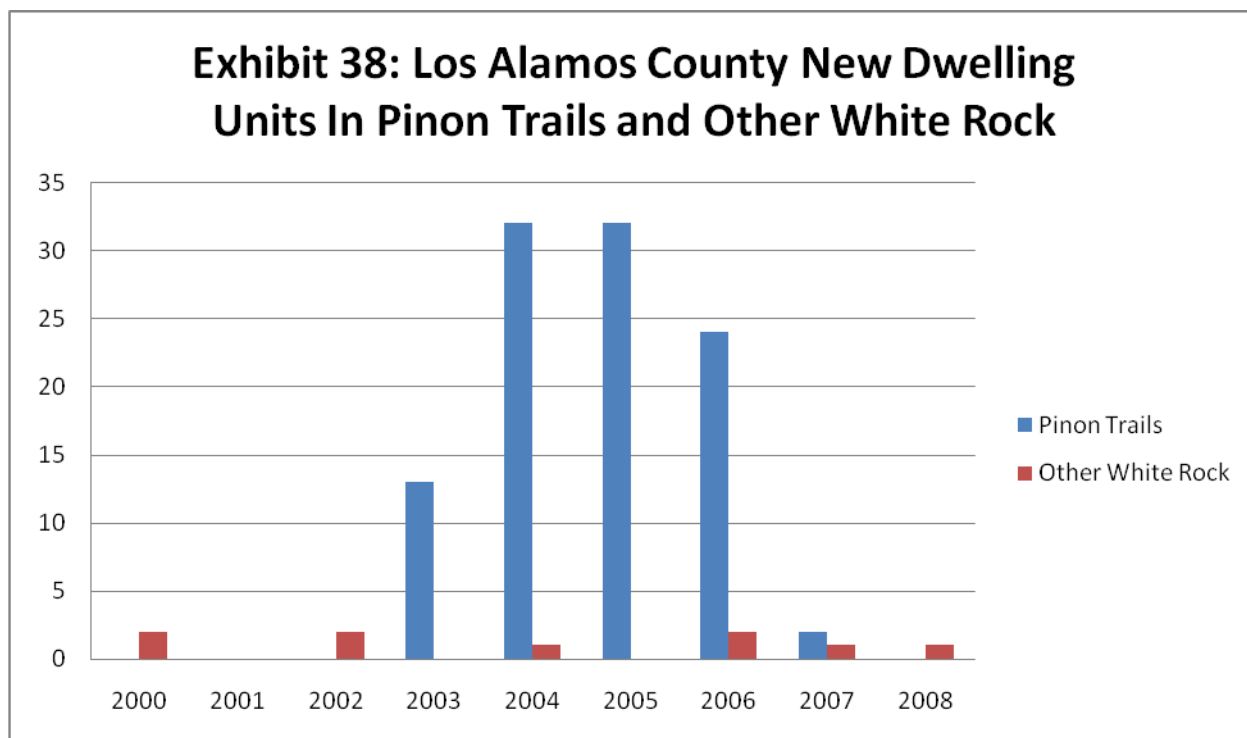
<b>Table 25</b>										
<b>Building Permits Issued in Los Alamos County 2000-2009</b>										
<b>With Identification of New Dwelling Unit Permits by Subdivision</b>										
Type of Permit Issued	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
New Dwelling Units (NDU)	3	6	17	37	45	74	62	102	88	63
Rebuild Permits	0	0	0	6	14	15	34	58	60	36
Residential Add/Renov	64	45	39	41	39	78	75	68	102	92
Commercial	29	36	48	85	76	68	72	94	80	63
Subdivision of NDUs	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Ponderosa Estates	0	0	0	0	0	0	3	7	3	10
Barranca Mesa	0	0	0	0	1	0	2	1	2	2
Canyon Glen	0	0	0	0	0	0	0	4	14	15
Eastern Area	0	0	0	0	0	4	6	0	0	0
Hawks Landing	0	0	0	0	0	3	2	15	6	0
North Community	1	0	4	1	0	0	2	2	0	0
Piñon Trails	0	0	2	24	32	32	13	0	0	0
Other White Rock	0	1	1	2	0	1	0	2	0	2
Quemazon	1	2	9	10	11	31	34	71	58	31
Western Area	0	2	0	0	0	2	0	0	0	0
Other Townsite	1	1	1	0	1	1	0	0	5	3
<b>Total</b>	<b>3</b>	<b>6</b>	<b>17</b>	<b>37</b>	<b>45</b>	<b>74</b>	<b>62</b>	<b>102</b>	<b>88</b>	<b>63</b>

Source: Los Alamos County



Note: Does not include rebuilds





#### Vacant Lots

Using the same County Assessors information and verified from County Geographic Information Systems (GIS) data, an estimated 213 vacant lots were identified. Many of these lots in the North Community and Western Area became vacant after the Cerro Grande fire destroyed homes. Most of the other vacant lots are located in Quemazon and Piñon Trails. Table 24 identifies the number of vacant lots by major subdivision area.

#### Results of Apartment Survey

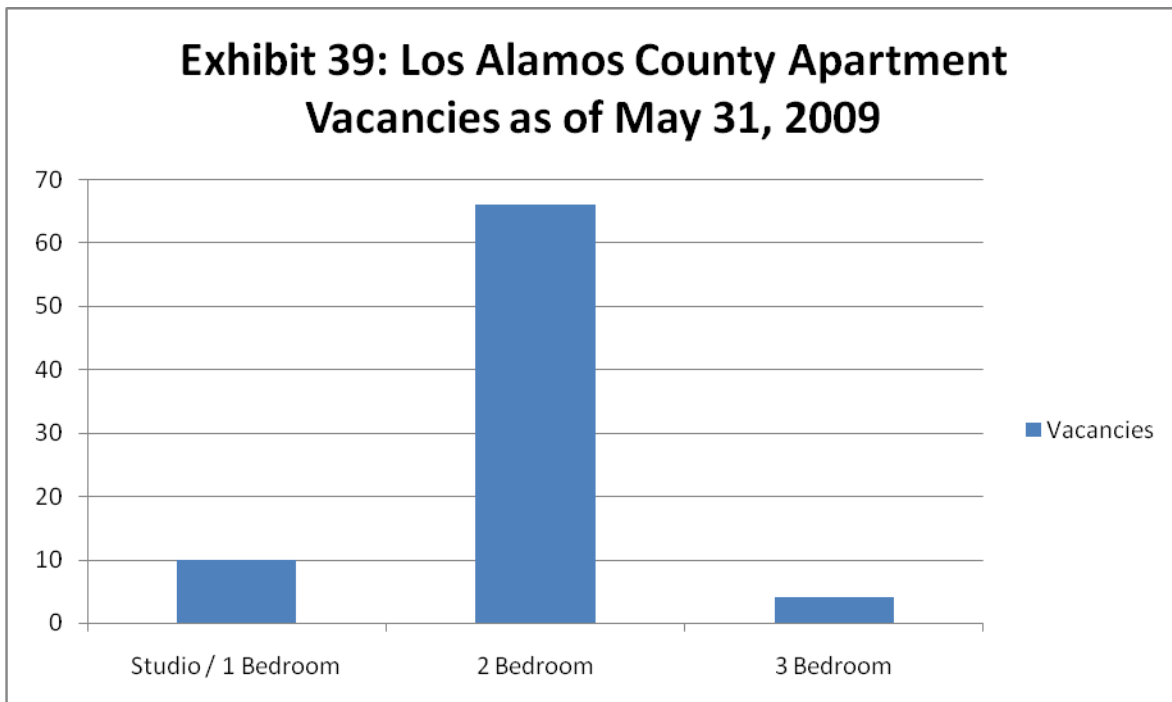
Twenty apartment developments were surveyed to determine the number of vacant and occupied units and rental rates by type of rental unit. These 20 apartment projects have 1,006 total units, 343 (34.1%) of which are efficiency apartments, 274 (27.2%) of which are one bedroom units, 369 (36.7%) of which are two bedroom units and 20 (2.0%) of which are three bedroom units.

Rental rates for the efficiency apartments range from \$475 to \$595 per month with all utilities being provided, which includes basic cable in many cases. For one bedroom apartments, rental rates vary from \$585 per month to \$900 per month, with the exception of Mountain Vista Apartments, which were built and financed under a government program with more stringent rent limitations for income qualified tenants and where one bedroom units are offered as low as \$421 per month. Most apartments include all utilities in the rent. The range for two bedroom rents spans from \$615 to \$1,075 per month, again with the exception of Mountain Vista, which can offer two bedroom units for as low as \$497 to income qualified households. There are only two apartment developments in Los Alamos that offer three bedroom units. They are Mesa del

Norte and Los Cerros, where rents range from \$780 to \$895 with all utilities included except for electric and in the case of one, gas and electric.

It is interesting to note that this is a very price sensitive market, as the apartments where utilities are not included in base rent typically have a much higher vacancy rate than their competitors. In regard to vacancies, 181 vacancies were identified out of 1,006 total units, for an overall vacancy rate of 18.0%. This is a misleading number, however, given that Los Alamos Apartments account for 102 of the 181 total vacancies. If the Los Alamos Apartments numbers were not counted, vacancies would fall to 79 and the apartment vacancy rate would be a more realistic 9.0%, rather than the 18.0% reported. Once the County government purchased the Los Alamos Apartments, the announced plan was that at least four of the five buildings containing 108 of the 132 units would be demolished, with one building (24 units) fully occupied and the rest of the site would be made ready for redevelopment. Demolition began in December, 2009.

It is interesting to view the vacancy rate numbers individually for efficiency, one, two and three bedroom units. Excluding the Los Alamos Apartments vacancies, an estimated 66 of the 79 vacancies are in two bedroom units, with another three vacancies in three bedroom units. There is only one vacancy for efficiency units and nine vacancies for one bedroom units. Breaking down the vacancy rates by unit type yields the following results: efficiency apartments - 0.3%; one bedroom apartments - 3.3%; two bedroom apartments - 17.9% and three bedroom apartments - 15%. The three bedroom unit vacancy rate is a misleading number because only 20 three bedroom apartment units exist, and only three of those are vacant.



Apartment Complex	Total	Number of Units in Complex				Unit Square Footage				Base Monthly Rent			
		Studio	1BR	2BR	3BR	Studio	1BR	2BR	3BR	Studio	1BR	2BR	3BR
Casa de Luz 799 6th St & 801 7th St.	48	48				400				\$550			
UNM/DOE 9th Street Apts 1203 9th Street	64	64				400							
Tres Casitas 562 & 588 Central 10th St Apts 1075 Myrtle	16 48		16				560			\$705			
		46	2			400	500			\$550	\$680		
Chapel Apartments 22nd & 24th St.	70			70			750-900				\$875-\$930		
11th St Apts 1211 11th Street	18	11	7			301	602			\$485	\$585		
Vista del Sol 1051 11th Street	22	18	3	1		400	525	725		\$550	\$675	\$875	
Taylor Properties 536 Central	8		8				560			\$600-\$720			
Iris St Apts 712 Iris Street	24	24				400				\$595			
Peach St Apts. 1701 Peach Street	20			20			850				\$750		
Mesa del Norte 650 San Ildefonso	36		4	24	8			803	1,023		\$620	\$780	
Mountain Vista Apts. 600 San Ildefonso	52		16	36			625	825		\$421- \$527	\$497-\$615		
Los Cerros Apartments 3000 Trinity Drive	104		20	72	12		688	864	1,076		\$655	\$750	\$895
Caballo Peak 3301 Trinity Drive	40			40				770			\$700		
Gold Street Apartments 3706-3803 Gold Street	100		100				625			\$585-\$625			
Aspen Apartments 3590,3620,3802-3810 Gold	36		36				625			\$600			
Kiva Street Apartments 509-587 Kiva Street	32		32				550			\$565-\$605			
Canyon Village Apts. 3200 Canyon Road	120		30	90			654	971		\$950	\$1,075		
Los Alamos Apartments 939-1375 Iris Street	132	132				397				\$475-\$575			
White Rock Apartments 138 Longview Drive	16			16				1,000			\$900		
<b>GRAND TOTALS</b>	<b>1006</b>	<b>343</b>	<b>274</b>	<b>369</b>	<b>20</b>								
<b>Total Vacancies 181; 18%</b>													
Note: Survey does not include individually owned condominiums or investor owned duplex, xplex, townhome and single family detached. As of 9/1/2009, LAC will have decommissioned 108 of the 132 available units at LA Apts. Source: LAC													

### Conclusions to Draw from Apartment Survey Results

There is a shortage of studio and one bedroom apartments in Los Alamos. The growth in the number of single person households and the income limitations in some of that group results in a very strong demand for this type of reasonably priced unit. Three other factors have contributed to this situation. One, the decommissioning of the Los Alamos Apartments has caused some existing tenants to vacate the premises and find other rentals and has essentially taken the remainder of these efficiency apartments off of the market. Secondly, a growing number of short-term contractors are being utilized at LANL resulting in a demand for reasonably priced space satisfactory for a limited term stay. Lastly, there has been little new construction of very affordably priced efficiency and one bedroom apartments for a long time. For the three relatively new apartment developments built in the 1990s, Canyon Village is oriented toward a different market niche and offers one bedroom rents at the higher end of the range discussed previously. Mesa del Norte does provide one bedroom apartments at very affordable rents as part of its offering but they are all occupied. All of Caballo Peak's units are two bedrooms.

Most of the efficiency and one bedroom apartments that are in service now were built in the late 1940s and early 1950s. If the other apartments were built and maintained in somewhat similar fashion to the Los Alamos Apartments, then it is reasonable to expect that some of these apartments may be in a difficult situation in the future where substantial investments are needed to be made into the physical plant but prevailing rent levels do not provide the landlord with the ability to fully recover the cost of desired improvements through rent revenue.

For two bedroom apartments, the higher vacancy rate indicates that presently there is an oversupply of these units. Again, the market is very price sensitive and it is no coincidence that many of the vacant units are in several complexes that do not include all utilities in the base rent.

Past a certain threshold rent, two and three bedroom apartments face difficult competition from investor owned quads, other condominiums, duplexes, townhomes and single family detached homes, particularly older ones that were purchased for use as income property. Many of these units can offer more space and storage and a yard. The extent of competition faced by two and three bedroom units in apartment developments is indicated by the fact that the total number of units in apartment developments comprise less than one half of all rental units, according to this analysis.

### Housing Unit Value Characteristics by Major Subdivision

As part of the housing unit and tenure analysis performed by major subdivision area, an analysis was also performed of the median lot size, median home size and median home value in each area by type of unit. The purpose of this analysis was to provide another indication of the existing home market's ability to provide housing at price levels that can be purchased by a low and/or moderate income buyer.

The median home values that are included herein are assessed values, which can be expected to be as much as 20% to 25% under actual market value, especially in situations where the homeowner has stayed in the home for a long time. According to the County Assessor, there is a percentage limit imposed on the annual increase in assessed value of a property, provided that the same owner occupies the home. Historically, annual increases in market value have exceeded this limit, resulting in an assessed value below actual market value for longer term residents.

The newest subdivisions such as Quemazon are valued well outside of the affordable housing range. Likewise, Barranca Mesa was developed in the 1960s, so it is not particularly new, but it offered the first private alternative at the time to government-built housing and has many large and attractive custom homes. The median lot size in Barranca Mesa is among the largest, if not the largest in the Townsite. The high median home value here indicates that homes in Barranca Mesa are not candidates to serve the low and moderate income homebuyer. Most of the subdivisions that were aggregated together in the Townsite Remainder category in Table 27 are newer subdivisions with smaller than typical lots but with above average home values. With a median home single family detached value over \$300,000 and median townhome value over \$240,000, it can be concluded that these are not areas to look for potential affordable housing candidates. However, the median value of condominiums is under \$150,000 in this area, so after an adjustment for assessed value versus market value, some of these would qualify as affordable housing stock.

White Rock began its permanent development in the 1960s. The largest lot subdivisions are located in the Pajarito Acres and La Senda subdivisions in the southernmost part of White Rock. Both of these subdivisions are exclusively single family detached developments and have a median home value, according to County Assessor data, second only to Quemazon. The existing homes here are not options for affordable housing. All of the other subdivisions in White Rock north of Pajarito Canyon are included in the White Rock Remainder category. The median value of single value detached homes for these White Rock homes is over \$230,000, with a median home townhome value over \$180,000. It is fair to assume that some of the existing homes in White Rock can be priced at levels that would serve the needs of a moderate income buyer.

It is in the oldest subdivisions, North Community, Western Area and Eastern Area, where existing homes have the greatest capacity to serve the needs of the moderate income homebuyer. Furthermore, the housing rehabilitation program will be of use here given the age of many of the homes in these areas. Particularly in the Western Area and Eastern Area, the median home value of the single family detached units is under \$200,000, as are the median home values of the townhomes and condominiums. It is in these areas that the median home size is the smallest of any other area in Los Alamos. It is fair to conclude that a significant number of homes in the Western Area and the Eastern Area represent viable alternatives for affordable housing. Even in the North Community, where median home values of the single family detached units are close to \$250,000, the values of the townhomes and condominiums are much lower and can be expected to provide real affordable housing alternatives to low and moderate income buyers.

Tsikimu Village is a subdivision that has a mix of single family detached homes, manufactured and mobile homes. The homes located in this subdivision also represent viable alternatives for affordable housing buyers as the median home value of single family detached homes here is less than \$150,000.

Housing Unit Type	North Community	Western Area	Eastern Area	Barranca Mesa	Quemazon	Townsite Remainder	Pajarito Ac / La Senda	White Rock Remainder	Tsikimu Village
<b>Single Family Detached</b>									
Median Home Size	1,995	1,663	1,636	2,595	3,195	2,370	2,756	1,842	1,668
Median Lot Size	11,952	10,400	7,348	16,950	13,830	8,407	118,483	11,200	7,596
Median Home Value	\$247,040	\$193,425	\$196,570	\$321,405	\$535,570	\$307,690	\$407,170	\$234,150	\$146,910
<b>Duplex</b>									
Median Home Size	2,662	2,676	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Median Lot Size	14,900	15,652	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Townhomes</b>									
Median Home Size	1,383	1,179	N/A	N/A	2,152	1,990	N/A	1,595	N/A
Median Lot Size	9,470	7,398	N/A	N/A	3,049	4,774	N/A	4,008	N/A
Median Home Value	\$156,600	\$145,620	N/A	N/A	\$286,220	\$240,290	N/A	\$182,440	N/A
<b>Condominiums</b>									
Median Home Size	1,292	1,380	1,107	N/A	1,620	1,254	N/A	Unknown	N/A
Median Home Value	\$123,750	\$163,375	\$184,050	N/A	\$251,225	\$141,600	N/A	Unknown	N/A
<b>Vacant Lots</b>									
Median Lot Size	10,922	9,000	2,595	17,154	14,549	8,427	87,556	8,799	7,625
Median Lot Value	\$89,585	\$80,775	\$74,600	\$162,560	\$141,180	\$88,320	\$154,890	\$85,800	\$75,370
Note: Values are based on County Assessor data, rather than on actual market value.									
Source: Los Alamos County									

Vacant Lot Values

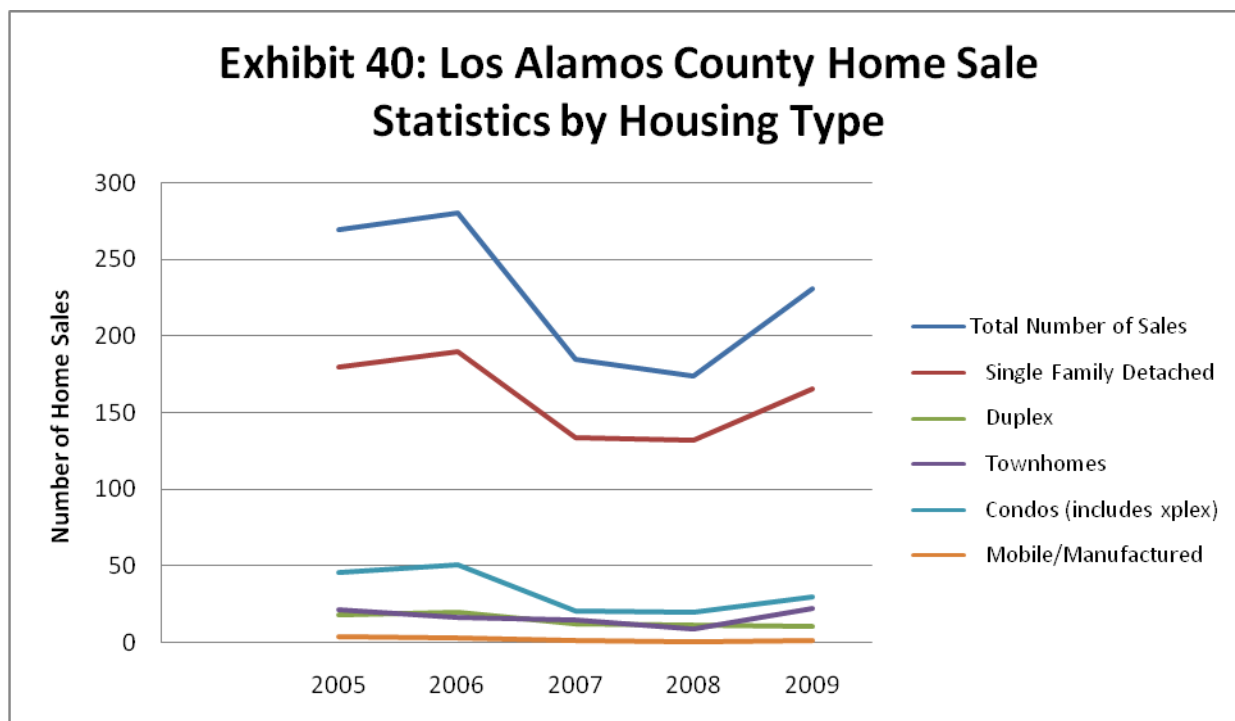
One of the tasks in a housing needs analysis is to assess the ability of existing vacant lots in the community to provide options for affordable housing. There are 213 vacant lots in Los Alamos. Except for numerous 2,595 square foot lots that are available in the Eastern Area, the prevailing median lot values are greater than \$75,000. Even at this price, it would be challenging for a new two bedroom home to be offered below \$200,000 on a \$75,000 lot, assuming a 1,000 square

foot two bedroom unit and a per square foot construction cost of \$110. Such a price would be out of the range of many moderate income buyers and would begin to enter a price range that is well served by existing homes. Consequently, it is fair to assume that existing vacant lots would be best used for other market niches rather than affordable housing.

### Trends in Home Sales

Another indicator of the capacity of the existing housing stock to meet the affordable housing needs of the low and moderate income population is Multiple Listing Service sales statistics. Information on the total number of sales is provided from 2004 through 2009. One trend is that the number of sales has decreased from its high point in 2006. From a recent peak of 280 home sales in 2006, total sales dropped to 185 in 2007, to 174 in 2008 and then rose to 231 in 2009, which represents an improved sales performance from what had occurred over the previous two years.

Sales Information	2009	2008	2007	2006	2005	2004
<b># of Sales</b>						
Single Family Detached	166	132	134	190	180	133
Duplex	11	12	13	20	18	12
Townhomes	22	9	15	16	21	24
Condos (includes xplex)	30	20	21	51	46	31
Mobile/Manufactured	2	1	2	3	4	5
Subtotal	231	174	185	280	269	205
<b># of Sales Under \$200,000</b>						
Single Family Detached	29	22	7	8	12	8
Duplex	10	9	12	13	10	4
Townhomes	8	2	4	1	2	0
Condos (includes xplex)	18	14	15	36	19	18
Mobile/Manufactured	2	1	2	1	3	5
Subtotal	67	48	40	59	46	35
<b># of Sales Under \$150,000</b>						
Single Family Detached	6	1	1	1	2	2
Duplex	5	2	3	0	2	0
Townhomes	4	0	0	0	0	0
Condos (includes xplex)	14	10	8	15	12	13
Mobile/Manufactured	2	0	1	0	0	4
Subtotal	31	13	13	16	16	19
Source: Los Alamos Multiple Listing Service "sold" statistics						



Within all of these statistics, another trend stands out: sales activity in the over \$300,000 category has plummeted, with a drop from 142 sales over \$300,000 in 2006 to 59 sales in 2008 and 68 sales in 2009.

The percentage of total home sales consisting of homes with sale prices \$300,000 and over has decreased substantially from 2006 to 2009. The percentages of total sales over a six year time frame are as follows: 2004—45%; 2005—46%; 2006—51%; 2007—46%; 2008—34%; 2009 – 29%.

Home sales with sale prices of \$200,000 to \$299,999 have shown an increase over this time period, with the following percentages of total sales being reported: 2004—38%; 2005—37%; 2006—28%; 2007—32%; 2008—39%; and 2009 – 42%.

Sales of homes priced under \$200,000 are representing an increasing percentage share of total sales, with the percentage of total sales in this group increasing from 17% in 2005, to 21% in 2006, 22% in 2007, 28% in 2008 and 29% in 2009. The number of sales under \$200,000 over this time period equals 46 in 2005, 59 in 2006, 40 in 2007, 48 in 2008 and 67 in 2009. Over this same time period, the number of sales under \$150,000 had held relatively steady until 2009, when 31 sales more than doubled the previous annual total in the preceding four years, with 16 sales being recorded in 2005, 16 sales in 2006, 13 sales in 2007 and 13 sales in 2008.



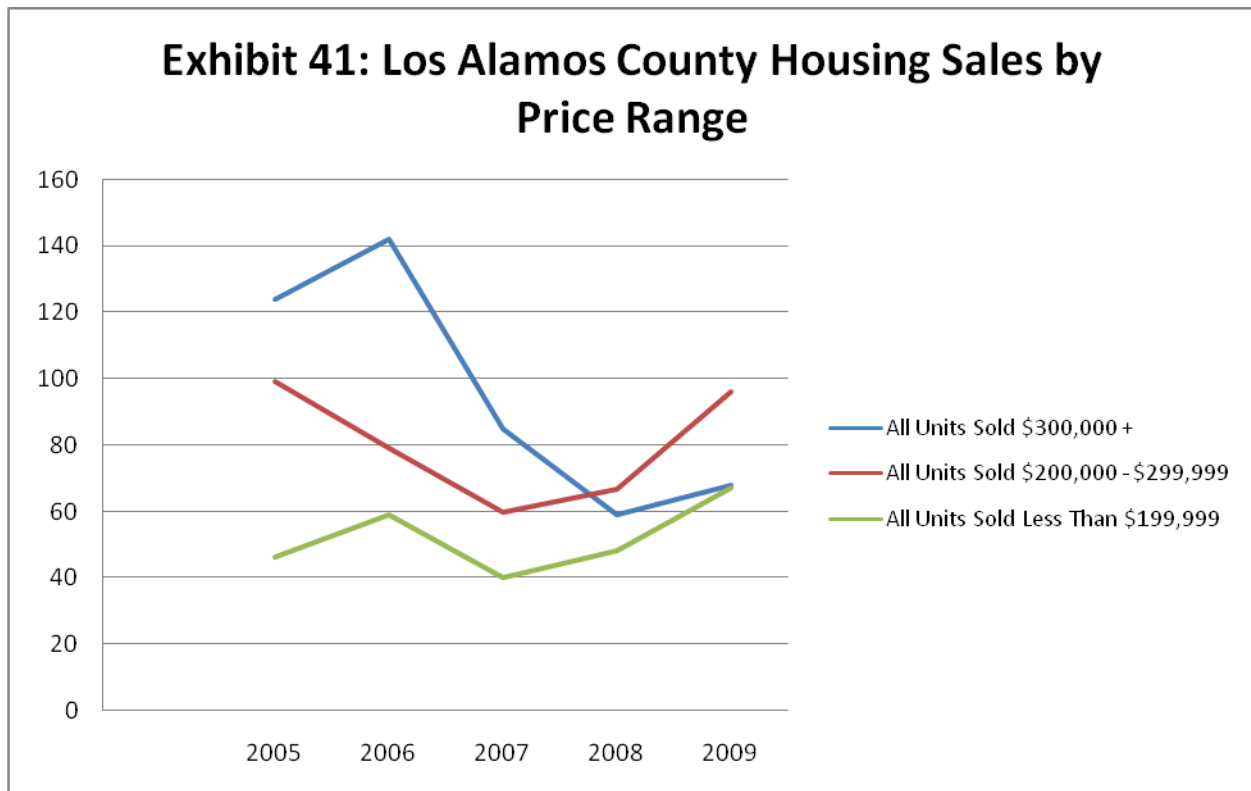
<b>Table 29</b>								
<b>Los Alamos County Housing Sales By Housing Type and Price Range: 2003--2009</b>								
Housing Type	Below \$150,000	\$150,000 -\$174,999	\$175,000 -\$199,999	\$200,000 -\$249,999	\$250,000 -\$299,999	\$300,000 -\$399,999	\$400,000 & over	Total
<b>2009</b>								
Single Family Detached	6	6	17	42	30	30	35	166
Duplex	5	5	0	1	0	0	0	11
Townhouse	4	2	2	8	3	2	1	22
Condominium (inc xplex)	14	2	2	9	3	0	0	30
Manufactured/Mobile Home	2	0	0	0	0	0	0	2
<b>Total</b>	<b>31</b>	<b>15</b>	<b>21</b>	<b>60</b>	<b>36</b>	<b>32</b>	<b>36</b>	<b>231</b>
<b>2008</b>								
Single Family Detached	1	7	14	30	24	21	35	132
Duplex	2	4	3	3	0	0	0	12
Townhouse	0	1	1	2	3	2	0	9
Condominium (inc xplex)	10	3	1	3	2	1	0	20
Manufactured/Mobile Home	0	1	0	0	0	0	0	1
<b>Total</b>	<b>13</b>	<b>16</b>	<b>19</b>	<b>38</b>	<b>29</b>	<b>24</b>	<b>35</b>	<b>174</b>
<b>2007</b>								
Single Family Detached	1	2	4	18	31	37	41	134
Duplex	3	6	3	0	0	1	0	13
Townhouse	0	3	1	5	0	5	1	15
Condominium (inc xplex)	8	5	2	1	5	0	0	21
Manufactured/Mobile Home	1	0	1	0	0	0	0	2
<b>Total</b>	<b>13</b>	<b>16</b>	<b>11</b>	<b>24</b>	<b>36</b>	<b>43</b>	<b>42</b>	<b>185</b>
<b>2006</b>								
Single Family Detached	1	3	4	20	38	51	73	190
Duplex	0	5	8	4	1	2	0	20
Townhouse	0	0	1	8	1	5	1	16
Condominium (inc xplex)	15	9	12	4	1	9	1	51
Manufactured/Mobile Home	0	0	1	2	0	0	0	3
<b>Total</b>	<b>16</b>	<b>17</b>	<b>26</b>	<b>38</b>	<b>41</b>	<b>67</b>	<b>75</b>	<b>280</b>
<b>2005</b>								
Single Family Detached	2	6	4	44	34	39	51	180
Duplex	2	2	6	4	0	3	1	18
Townhouse	0	0	2	5	1	12	1	21
Condominium (inc xplex)	12	6	1	10	0	14	3	46
Manufactured/Mobile Home	0	2	1	1	0	0	0	4
<b>Total</b>	<b>16</b>	<b>16</b>	<b>14</b>	<b>64</b>	<b>35</b>	<b>68</b>	<b>56</b>	<b>269</b>
<b>2004</b>								
Single Family Detached	2	3	3	29	18	38	40	133
Duplex	0	3	1	4	3	1	0	12
Townhouse	0	0	0	6	5	13	0	24
Condominium (inc xplex)	13	2	3	9	4	0	0	31
Manufactured/Mobile Home	4	1	0	0	0	0	0	5
<b>Total</b>	<b>19</b>	<b>9</b>	<b>7</b>	<b>48</b>	<b>30</b>	<b>52</b>	<b>40</b>	<b>205</b>

Source: Los Alamos MLS

Most sales of existing homes are single family detached homes, which is consistent with the fact that an estimated 62% of all housing units in Los Alamos are single family detached. From 2005 through 2009, the percentage of total sales consisting of single family detached sales range from 67% to 76%. In 2009, this percentage is 72%.

In contrast, for homes sold under \$150,000, the percentages of total sales attributable to single family detached homes over the 2005 to 2009 time period are 12% (2005), 6% (2006), 8% (2007), 8% (2008) and 19% (2009). Most sales in this category are condominiums, including quadraplex units, and older duplex units.

For homes with sale prices between \$150,000 and \$200,000 during this time period, the percentage of total sales attributable to single family detached homes are 33% (2005), 16% (2006), 22% (2007), 60% (2008) and 64% (2009). In 2009, 23 homes in this sale price range are single family detached. Prior to 2008, the majority of sales (73% of total) in this category were pre-1960 duplexes and condominiums, including quadraplexes. Beginning in 2008, more single family detached homes in White Rock and pre-1960 homes in Western Area and Eastern Area have begun to sell for prices under \$200,000.

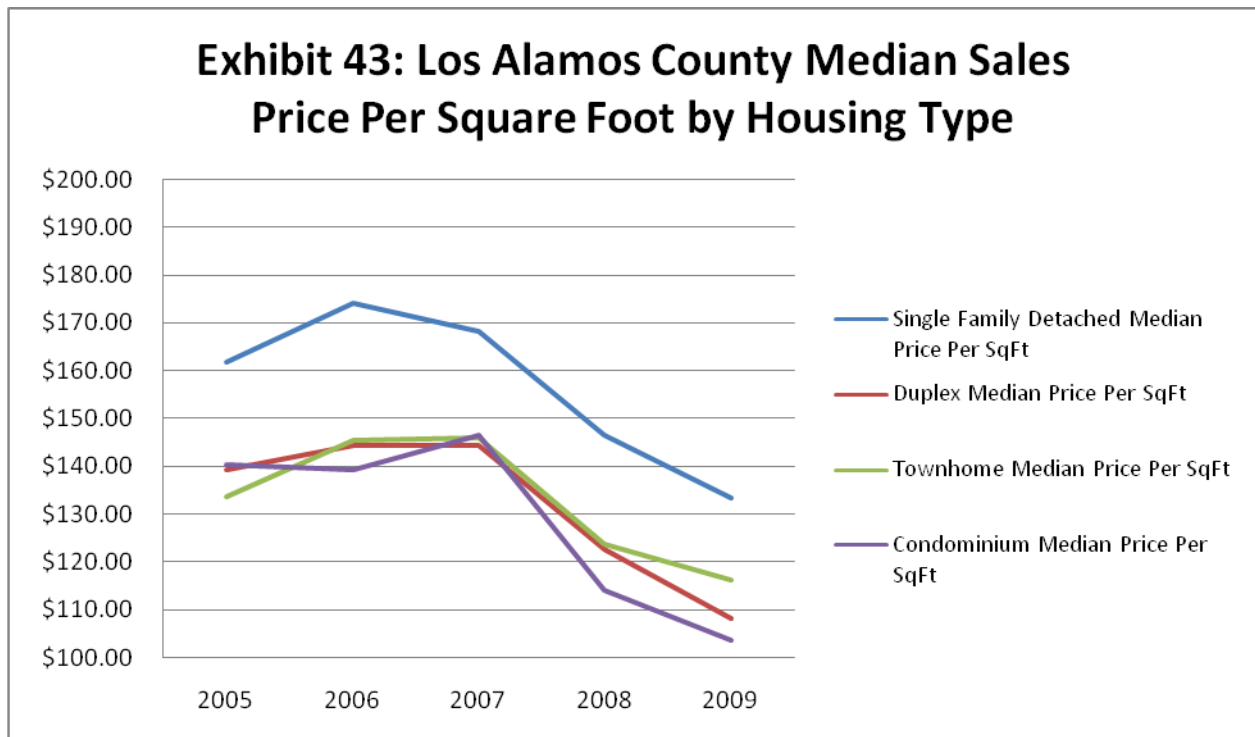
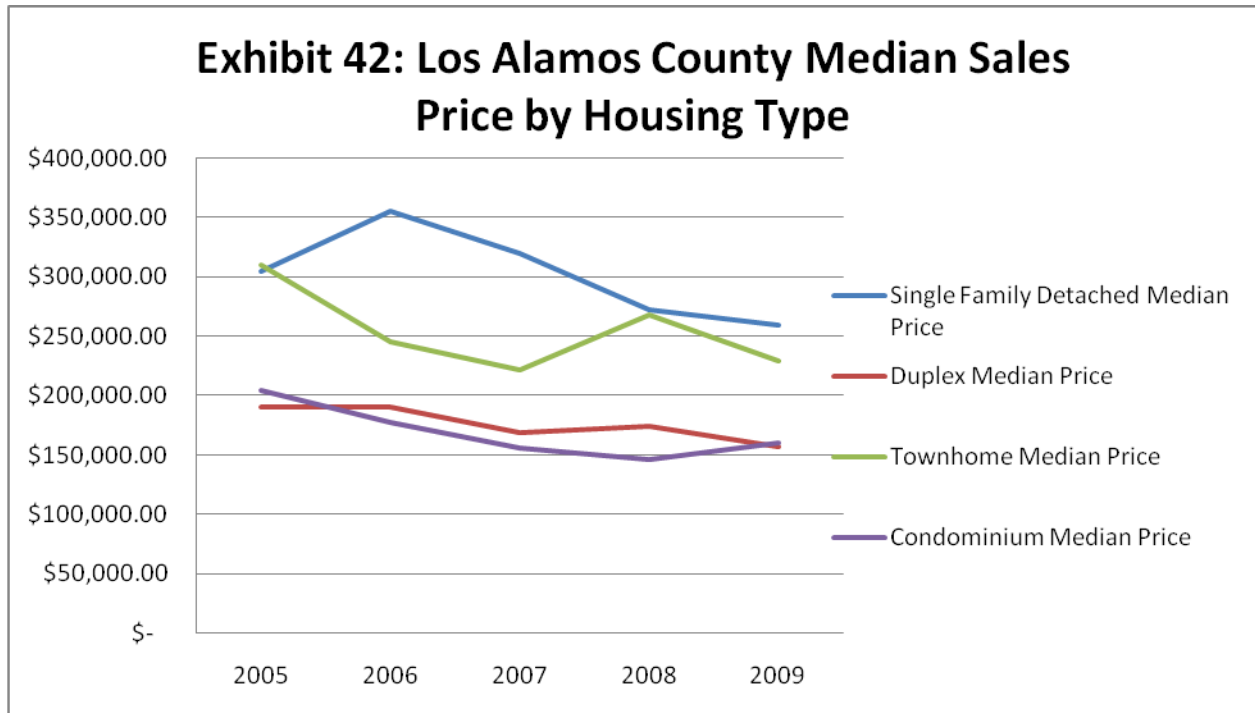


Another sign of housing market performance is sales price per square foot. Using sales data from 2004 to the present, the median sales prices per square foot of single family detached, duplex, townhome, condominium and manufactured/mobile homes were calculated. The results show that the median sales prices per square foot for all housing types have dropped below

2004 levels. For all housing types except condominiums, median sales price per square foot peaked in 2006. The 2009 figures are 20% to 25% below the 2006 peak. Prices are clearly adjusting downward in response to a changing demand for housing.

<b>Table 30</b>						
<b>Median Sales Price, Square Footage and Price Per Square Foot</b>						
<b>By Housing Type 2004 - 2009</b>						
Sales Information	2009	2008	2007	2006	2005	2004
<b>Single Family Detached</b>						
Median Price	\$259,500	\$272,500	\$320,000	\$355,000	\$304,467	\$331,000
Median Square Feet	2,115	1,999	2,022	2,089	1,992	2,037
Median Price Per SqFt	\$133.23	\$146.33	\$168.18	\$174.09	\$161.71	\$161.50
<b>Duplex</b>						
Median Price	\$157,000	\$174,000	\$169,500	\$190,850	\$190,795	\$220,500
Median Square Feet	1,374	1,296	1,266	1,350	1,320	1,497
Median Price Per SqFt	\$108.11	\$122.71	\$144.44	\$144.34	\$139.46	\$150.26
<b>Townhome</b>						
Median Price	\$229,850	\$268,000	\$221,950	\$245,500	\$310,000	\$312,000
Median Square Feet	1,876	1,854	1,597	1,787	2,169	2,180
Median Price Per SqFt	\$116.22	\$123.72	\$145.94	\$145.52	\$133.69	\$143.70
<b>Condominium</b>						
Median Price	\$160,000	\$146,500	\$156,000	\$176,900	\$204,000	\$189,000
Median Square Feet	1,417	1,135	1,195	1,154	1,360	1,400
Median Price Per SqFt	\$103.58	\$114.00	\$146.36	\$139.23	\$140.31	\$132.95
<b>Manufactured/Mobile Home</b>						
Median Price	\$107,500	\$155,000	\$160,000	\$200,000	\$182,500	\$147,000
Median Square Feet	1,265	1,206	1,383	1,650	1,634	1,500
Median Price Per SqFt	\$84.32	\$128.52	\$116.34	\$112.12	\$109.14	\$94.87

Source: Los Alamos MLS



Characteristics of Homes On the Market (As of January 13, 2010)

A commonly held viewpoint is that given the number of homes on the market, and given the reduced prices at which homes are now selling in comparison to several years ago, there is sufficient existing inventory at all price levels now available for sale to accommodate prospective homebuyers in all income ranges. Given all of the information presented in the report, an argument can be made that this is true for homes priced at \$300,000 and above. Not only has the demand for housing in this price range decreased significantly over the past several years, but there were 61 offerings on the market in this price range in July, a figure which has now decreased to sixteen. In addition, of the 213 vacant lots identified, many of these lots are available for sale and would be priced at a level that would certainly accommodate homes priced in the low to mid \$300,000 category and up.

It could also be argued that there are a sufficient number of homes available in the \$200,000 to \$300,000 price range, although the argument would not be as compelling as the one made for the higher price range, given that demand has increased in this price range and there are now ten homes for sale in this price range, down from 39 six months ago. The closer that one gets to the \$200,000 price level, the more difficult it becomes to conclude that existing inventory is sufficient for existing and new market demand. A lesser number of the vacant lots on the market are priced low enough so that homes could be built closer to the upper end of the \$200,000 to \$300,000 price range.

<b>Table 31 Los Alamos County Current Home Listings in the Multiple Listing Service as of January 13, 2010</b>								
Housing Type	Below \$150,000	\$150,000 - \$174,999	\$175,000- \$199,999	\$200,000- \$249,999	\$250,000- \$299,999	\$300,000- \$399,999	\$400,000 & over	Total
<b># of Sales</b>								
Single Family Detached	1	2	4	5	1	10	6	29
Duplex	1	2	0	0	1	0	0	4
Townhomes	0	0	2	1	0	0	0	3
Condos (includes xplex)	8	2	1	2	0	0	0	13
Manufactured	0	1	0	0	0	0	0	1
<b>Total</b>	<b>10</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>2</b>	<b>10</b>	<b>6</b>	<b>50</b>

Source: Los Alamos Multiple Listing Service

When looking at the supply of homes priced under \$200,000 and the demand-supply relationship for this price range, it can be concluded that additional inventory and a greater variety of homes is needed.

A review of the inventory of homes listed under \$200,000 reveals that of the 24 listings in this category, 11 are either relatively small condominiums or 50+ year old quadraplexes; one is a manufactured home in Tsikimu Village; two are townhomes and most of the remainder are

either 50+ year old single family detached units or duplexes with relatively smaller square footages. Most prospective buyers would be seeking larger and/or newer units. It is reasonable to assume that a larger and more diverse offering of homes in this price range would be attractive to prospective buyers.

#### Observations on Demand – Supply Balance in Different Price Ranges

Given the historical level of demand for units priced under \$200,000, the number of units currently on the market is not sufficient to satisfy the demand. An additional number of units and a greater variety of housing in this price range needs to be built in order to satisfy current demand and attract moderate income households currently commuting to Los Alamos.

This does not mean that all of the listings in this price category, or any price level for that matter, will sell in a reasonable amount of time even in the event that there are more buyers than there are listings. If a prospective buyer who is an existing resident is not enamored with the available housing in the buyer's price range, that buyer has three options: stay in the current residence, even if it means continuing to rent versus own; make a steeply discounted offer to purchase one of the existing homes, or purchase a home in another market and commute.

A prospective buyer who is not yet an existing resident will compare available housing in Los Alamos with similarly priced housing in the area that they currently reside, or in another location to which they may choose to relocate, provided that the commute is not too costly. For this buyer profile, current listings in Los Alamos are competing with available homes in Santa Fe, Espanola, Pojoaque Valley and other secondary markets.

It is fair to assume that many households (especially larger ones), with available alternatives, would prefer a single family detached or townhome unit with a garage/carport and a separate yard to a condominium, a quad, a manufactured home or a mobile home. It is also fair to assume that many households, with available alternatives, would prefer to live in a somewhat newer home, as opposed to a home built in the 1940s or 1950s, especially if the home in question has not undergone some renovation over the years.

When evaluating whether or not there are sufficient homes on the market in the \$200,000 to \$300,000 price range or in the above \$300,000 price range, it is important to consider that even though the numbers may lead one to conclude that there may be sufficient inventory to satisfy demand, not all prospective buyers, resident and non-resident, may be satisfied with the offerings that are now available.

With that line of reasoning, it is reasonable to conclude that there is some unmet demand at the higher price points and that this demand would not completely be met by homes currently on the market. These prospective buyers may be searching for homes in distinct market niches – passive and/or active solar homes, active senior retirement community, co-housing community, smart homes, healthy homes, live/work, homes with a downtown location or part of a mixed use development as well as many other examples. It would be imprudent to discourage this type of new development by not allowing the opportunity for new development to occur, especially if a County objective is to attract a share of the commuter population to live in Los Alamos.



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## **Section 5**

# **Affordable Housing Production Goals**

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### Overview of Housing Needs Analysis

Using the information presented in the first four sections of this plan, four separate affordable housing needs analyses are presented here in Tables 33 through 36. These housing needs analyses serve as the basis for affordable housing production goals for each type of housing, which are recommended below.

One needs analysis is for special needs housing and is based on the demand analysis presented in Section 3 of the report. Included in the special needs category are transitional housing and permanent supportive housing. A second analysis is for affordable rental housing and is based on the material in Section 4 that included HUD estimates of the numbers of renters with housing conditions and updated information that allowed for an estimate to be made of the current number of renter households. A needs analysis for housing rehabilitation is also prepared and is based on both a windshield survey and an analysis of County Assessors information that identified housing units with well below average value estimates, in comparison to typical values for the area. The value estimates were taken as good indicators of units that needed some form of improvement and households with below average incomes for Los Alamos. The last needs analysis is for affordable ownership housing that analyzes potential demand from four different sources, translates this to demand for various price levels, then analyzes the ability of the existing housing stock to satisfy that demand, based on material presented in Section 4.

### Affordable Housing Production Goals - Special Needs Housing

The needs analysis for special needs housing indicates that a mix of up to 20 units of transitional housing and/or permanent supportive housing should be provided to serve existing need for households earning below 30% AMI. This could either be new construction or it could involve the purchase and possible renovation of existing structures on the market. A reasonable three year production goal is the provision of 20 units of special needs housing with the provision of support services that would enable clients to make the successful transition to independent living.

Anecdotal evidence was received from various social service providers that attested to a limited demand for homeless housing. In addition, the County has its own database resulting from its intake of Section 8 rental voucher applications. During the course of interviews with prospective clients, a limited demand for transitional housing and/or permanent supportive housing was apparent. This would serve individuals or families in transition after a job loss, a change in marital status, eviction from previous residence, and other difficult situations. Along with anecdotal evidence are statistics from the County indigent program, where 130 of the 273 total clients had no place of their own in which to live. Most of these clients may not choose to live in special needs housing, but a limited percentage may use such housing. Applying "capture" rates to the number of indigent households, by income category, yielded the needs estimate of 20 units for this type of housing.



**Table 32  
Special Needs Housing - Existing Needs Analysis  
Special Needs Housing Including Transitional Housing and  
Permanent Supportive Housing**

**Background Data**

# of Persons Below Poverty Level	= 576
# of HH Below Poverty Level (@1.52 pph)	= 384
# of HH in County Indigent Program	= 273
# of Homeless HH (living with friends,family,etc)	= 130

**2009 Income Characteristics of 130 Households in County Indigent Program  
Who Live with Friends or Family**

Income Range	# of HH
Under \$5,000	77
\$5,000 - \$10,000	17
\$10,000 - \$15,000	15
\$15,000 - \$20,000	10
Over \$20,000	11
<b>Total</b>	<b>130</b>

**Current Needs Analysis Estimate for Transitional Housing and  
Permanent Supportive Housing**

Income Range	# of HH	Maximum Mo. Rent (@30%)	Less Available Market Units	Unmet Need	% Who Would Use ES,TH& PS Hsg	Existing Need
Under \$5,000	77	\$125	0	77	20%	<b>15</b>
\$5,000 - \$10,000	17	\$250	0	17	15%	<b>3</b>
\$10,000 - \$15,000	15	\$375	0	15	10%	<b>2</b>
\$15,000 - \$20,000	10	\$500	3	7	5%	<b>0</b>
Over \$20,000	11	\$500 +	11	0	0%	<b>0</b>
<b>Total</b>	<b>130</b>		<b>14</b>	<b>116</b>		<b>20</b>

Note: # of Persons Below Poverty Level extracted from Table 5; Persons per Household for Indigent Households from Table 17; # of Homeless households and income characteristics from Table 17; Available market units at identified monthly rent from Table 26; % who would use a facility for transitional housing or supportive housing, as opposed to leaving town or continuing to live with family or friends is a subjective estimate based on staff experience.

Source: Los Alamos County

### Affordable Housing Production Goals - Rental Housing

The needs analysis for affordable rental housing indicates that there is an existing need for the provision of rental housing assistance to 140 households below 30% AMI. The three year production goal for rental housing assistance, either in the form of an employer and County assisted voucher program, purchase and renovation of existing rental units and/or new construction of heavily subsidized rental units, is 140 assisted units/households. This number does not include additional existing and future need for affordable housing units required to serve the low income 30% - 50% AMI income group, which is also an underserved segment of the local population.

The housing unit count, identification of total ownership units and rental units, along with an estimated number of vacant units, all as presented in Section 4, allowed for a general estimate of the approximate minimum number of renter households currently in Los Alamos. It was assumed that the percentage of renter households with existing housing conditions (overcrowding, cost-burden, substandard housing, etc.) was the same in 2009 as was the case in the 2000 Census. This same percentage was applied to the current estimated number of renter households. Information from County indigent client statistics, Section 8 rental voucher case files and market study reports from Economic and Planning Systems were used to update the 2000 Census information on the income distribution of the renter households with housing conditions from HUD.

Using an income distribution of the current number of households assumed to have housing conditions, a maximum monthly rent was determined for each group, assuming a maximum of 30% of gross monthly income to be paid for rent. The estimated number of households currently assisted by Section 8 rental voucher housing, by income group, was then subtracted from the total to determine households still in need and without assistance. Using the housing market survey results, available rentals in price ranges affordable to each of the income groups were also subtracted from the total to determine unmet need in each income category. Not all of the households determined to have need were assumed to use an assistance program(s) created by the County, so this estimated amount was deducted from the total to determine the total existing rental housing need of 140 households.

The result of this analysis is that there is a substantial amount of unmet rental housing need in the below 30% AMI (Area Median Income) group. Table 9 contained a chart that has information on income by households for this 30% AMI group, defined by HUD as extremely low income. In addition, there is also a substantial amount of unmet rental housing need in the 30% AMI – 50% AMI category which has not been depicted in the analysis in Table 33.

This below 30% AMI need could be addressed by the County either in the form of an employer and County assisted rental voucher housing program for hourly employees earning up to 30% AMI limits, as adjusted by household size, and/or it could be addressed through the purchase and renovation of existing older apartment units or the construction of new heavily subsidized rental housing units which would focus on efficiency and one bedroom units. These are the housing types with the fewest number of vacancies identified in the market survey. A more complete description of these programs is in Section 7.

**Table 33  
Rental Housing - Existing Needs Analysis**

**Background Data**

# of Renter Households (1999)	= 1,603
# of Renter Households with Housing Conditions (1999)	= 425
% of Renter Households with Housing Conditions (1999)	= 27%
Estimated Minimum # of Renter Households (2009)	= 1,800
Estimated % of Renter Households with Housing Conditions	= 27%
Estimated # of Renter Households With Housing Conditions	= 480

**2009 Estimated Income Characteristics of 480 Households with Housing Conditions**

Income Range	# of HH
Under \$10,000	90
\$10,000 - \$14,999	82
\$15,000 - \$24,999	122
\$25,000 - \$34,999	74
\$35,000 - \$49,999	62
\$50,000 and over	50
<b>Total</b>	<b>480</b>

**Current Needs Analysis Estimate for 480 Households with Housing Conditions**

Income Range	# of HH	Maximum Mo. Rent (@30%)	Less Section 8 Assistance	Less Available Market Units	Unmet Need	% Who Would Use Project/Program	Existing Need
Under \$10,000	90	\$250	54	0	36	90%	<b>32</b>
\$10,000 - \$14,999	82	\$375	24	0	58	80%	<b>46</b>
\$15,000 - \$24,999	122	\$625	23	10	89	70%	<b>62</b>
\$25,000 - \$34,999	74	\$875	0	74	0	N/A	<b>0</b>
\$35,000 - \$49,999	62	\$1,250	0	62	0	N/A	<b>0</b>
\$50,000 and over	50	\$1,250 +	0	50	0	N/A	<b>0</b>
<b>Total</b>	<b>480</b>		<b>101</b>	<b>196</b>	<b>183</b>		<b>140</b>

Note: # of Renter Households (1999) extracted from Table 23 ; # and % of Renters with Housing Conditions from Tables 20 & 21; Estimated # (approx) of 2009 renter households from Tables 23 & 24; Using same % with housing conditions as in 2000 Census; Estimated 2009 Income Distribution estimated by using information from Tables 17, 18 & 20; Households receiving Section 8 assistance and income characteristics derived from program files; available market units at specified rent levels taken from Table 26; % who would use project/program, as opposed to selecting other options is a subjective estimate based on staff experience.  
Source: Los Alamos County

### Affordable Housing Production Goals - Housing Rehabilitation

The needs analysis for housing rehabilitation indicates that there is a potential existing need for approximately 341 homes to be rehabilitated. However, most homeowners in need may not have the inclination or financial wherewithal to participate in the program. A reasonable three year housing rehabilitation production goal is 40 units, representing an average of 10 -15 units per year. The target would increase each year as greater familiarity with the program and funding sources would enable staff to annually increase its volume. No projection of future needs was done at this time, as that is going to be determined in large part by the perceived attractiveness and success of the program.

It is recommended that the potential recipients of assistance would include households earning below 30% of AMI, between 30% and 50% of AMI, between 50% and 80% of AMI and between 80% of AMI (HUD number) and 80% of the true County median income, as depicted on Table 9. Grants, deferred payment loans, and below market interest rate loans are proposed to be offered to these income groups, with the greater subsidy being offered to those with the greatest amount of financial need.

During the course of the housing unit count, owner-occupied units with well below average values were identified using County assessors data. Relatively low values were assumed to be good indicators of the need of a structure for improvements and the likelihood that the household would qualify for the program from an income standpoint. Three hundred forty one owner-occupied single family detached and townhomes units were identified with County assessed values less than \$150,000 for single family detached and less than \$125,000 for townhouses. Duplexes were not factored in at this point, given that it was more difficult to determine owner occupancy versus renter occupancy for these units and that the program, as it is currently being structured, is for owner occupied residences. Condominiums were not included in the estimate at this time.

Many of the homes identified as likely candidates for the housing rehabilitation program are located in the Western Area and North Community where housing built under the auspices of the Atomic Energy Commission was completed in the pre-1960 era. From anecdotal evidence, windshield survey and building permit reports; there has already been a substantial amount of renovation performed on these houses. Yet it appears that there is a significant demand for energy efficiency improvements, HVAC improvements, plumbing and electrical improvements, and roof repair, among other needs. The estimate that was made was for existing needs rather than projected future needs.

Although the need for housing rehabilitation has been identified on a statistical and visual basis, the actual utilization of the program will be dependent upon how the program is structured. At present, it is contemplated that multiple funding sources would be used, including MFA housing rehabilitation deferred payment loans, USDA Rural Development Service (RDS) grants and low interest loans, and County funds that would be used for loans serving that part of the client base earning between 80% of AMI as established by HUD and 80% of the true Los Alamos median income. The larger the subsidy provided the lower the qualifying incomes would need to be.

Another element of the program that will need to be addressed satisfactorily to promote usage is code compliance. A prospective client may live in an existing home with multiple issues relating to building code. Even with a subsidy being provided to lower the cost of the loan, the client may not be able to afford to bring the entire home up to full code compliance at one time. RDS and MFA loans may require that full code compliance is achieved, whereas loans provided by the County may enable the prospective client to make improvements without the entire structure being brought up to code. A greater level of detail on this program is provided in Section 7.

<b>Table 34 Housing Rehabilitation - Existing Needs Analysis</b>										
<b>Background Data</b>										
# of Owner Households with Housing Conditions (1999)										=780
# of Owner Households with Housing Conditions With Incomes Below \$50,000 (1999) (likely under 80% AMI as of 2009)										=510
# of Owner Households with Housing Conditions With Incomes Between \$50,000 - \$100,000 (likely between 80%-120% AMI as of 2009)										=230
Estimated # of Housing Units Candidates for Housing Rehabilitation	<b>Total Existing Need</b>	North Community	Western Area	Eastern Area	Barranca / Quemazon	Townsite Remainder	Tsikum Village	Pajarito Ac. / LaSenda	White Rock Remainder	
Single Family Detached	<b>271</b>	22	141	27	0	0	43	0	38	
Townhome	<b>70</b>	42	28	0	0	0	0	0	0	
<b>Total</b>	<b>341</b>	64	169	27	0	0	43	0	38	
Note: Needs analysis is based on assessed value of owner-occupied single family detached housing under \$150,000 and owner-occupied townhomes valued under \$125,000. A windshield survey was conducted to test the validity of this assumption. Analysis does not include renter-occupied units and does not include condominiums, duplexes, xplexes. Improved value of the home had to exceed \$60,000 for the unit to be included Source: Los Alamos County										

Affordable Housing Production Goals – Ownership Housing

The needs analysis for affordable ownership housing indicates that there is an existing and projected future need of 15 units per year for housing priced under \$200,000. This assumes that price deflation of existing real estate in the Los Alamos real estate market continues, which would enable an estimated 44 of the 59 needed units priced under \$200,000 to be delivered by existing housing. Homes priced under \$200,000 would be affordable to households earning at

or under 80% of Area Median Income, as established by HUD for the Los Alamos area, and as set forth in Table 9.

The production target for affordable ownership housing would average 15 units per year, beginning from a point in time when developed lots were made available. An estimated eight of these units would be sold to households earning at or below 50% AMI at an effective sales price (after subsidy) of under \$150,000. Seven of these units would be sold to households earning between 50% and 80% of AMI at an effective sales price between \$150,000 and \$200,000.

To provide estimates for the needs analysis and a basis upon which to set affordable ownership production goals, the first step in the process was to forecast future demand for housing. Table 28 indicates that 174 to 280 existing homes have been sold in Los Alamos over a six year period. Table 25 illustrates the number of new residential building permits issued from 2000 to the present. Together, the numbers in these two tables provide a good indicator of historical housing demand in Los Alamos and provide a benchmark upon which to project future ownership housing demand.

In the demand analysis provided in Table 35, four components of annual housing demand are identified: commuter households; new household formation; renter households; and existing homeowners desiring to trade up, or downsize.

Of the approximate 8,700 commuters identified in Table 14, an estimated annual number of 55 per year were projected to buy homes in Los Alamos. This number represents the high estimate of what was estimated by Economic and Planning Systems in the 2006 White Rock Center Master Plan/Economic Development Strategy. This demand estimate would only be achieved by active intervention of the County in providing additional incentives for home purchase. Such incentives will be discussed generally in this narrative.

In the same referenced study, Economic and Planning Systems provides an estimate of the future increase in households, apart from the capture of commuter households. For the purposes of this study, one-half of this annual projection of 33 households is used. This reflects a slowdown in the trend for new household formation attributable to a smaller household size.

A third component of the demand for housing is renter households who choose to make the commitment to purchase and own homes. As identified in Table 8, there are a substantial number of households who have sufficient household income to purchase a home, particularly an affordably priced home at price levels at or below \$200,000. Given the increase in purchasing power of some renter households, and given that the analysis behind Table 23 indicates that the number of renter households has increased during this decade, it appears that it is reasonable to assume that approximately 2.0% to 2.5% of 1,800 renter households would choose to purchase a home in Los Alamos each year, provided that a range of housing product is available and that there are some incentives in place to promote homeownership in Los Alamos.

A fourth component of the demand for housing is existing homeowners who choose to move up to higher priced housing or move down to smaller, easier-to-maintain housing. An annual

demand estimate in the range of 1.25% of the approximate 6,000 Los Alamos homeowners appears to be a reasonable estimate in this economic climate.

Adding up each of the components of demand yields an estimate of 198 units per year, which is slightly above the 2007 and 2008 total home sales reported to the MLS, but below the reported 2009 sales statistics. This higher number assumes that the County will play a more active role in incentivizing homeownership in Los Alamos, as will be discussed later.

Of this total demand, an estimated 30% of the total is estimated to be from homeowners with annual incomes between 40% and 80% of AMI, as set by HUD. According to Table 9, the purchasing power of this set of households is conservatively estimated at home prices at or below \$200,000. The 30% number generally follows the recent trends in home sales where the percentage of total home sales in the \$200,000 and under category is approaching 30%. With a reasonable diversity of housing supply and some incentives for homeownership, it is reasonable to expect that 30% of total home sales will be in this category. The remaining 70% of home sales would be in the \$200,000 and up price range for households with incomes greater than 80% of HUD AMI.

Multiplying the projected annual housing demand of 198 units by 30% yields an annual demand/needs estimate of 59 units per year for the \$200,000 and under category. Assuming that there would be a growing amount of existing housing supply priced under \$200,000, it is assumed that approximately three-quarters of this demand (44 units) would be satisfied by existing housing stock. This is a rather generous assumption, given the existing number, type and price of units for-sale in this category, but it is used here to illustrate that even with this assumption, there is a significant unmet demand/need for new affordably priced housing under \$200,000, with eight of these units to be sold, with subsidy, under \$150,000 and seven units to be sold, with subsidy, between \$150,000 and \$200,000.

To enable the production of new homes with effective prices under \$200,000 and under \$150,000, subsidies would need to be provided by the County. For the deeper subsidies for homes priced under \$150,000, finished lots would need to be donated to the builder who would likely spend a minimum of \$110 per square foot on home construction, not including financing costs, permit and utility hookup fees, any marketing/homebuyer qualification fees and other miscellaneous soft costs. For homes priced over \$150,000 and under \$200,000, the price of a finished lot would need to be discounted for the builder to hit this price target. The amount of the discount of the finished lot price would determine the ultimate subsidized price of the home within the \$150,000 - \$200,000 range.

Households earning between 40% and 80% AMI would be eligible to purchase these homes, with the lowest income households being eligible for the greatest subsidies, under general guidelines described in greater detail in Section 7.

<b>Table 35</b>		
<b>Affordable Homeownership - Existing &amp; Projected Needs Analysis</b>		
<b>Components of Annual Demand for Ownership Housing</b>		
Annual Capture of Commuter HH (from Economic & Planning Systems)		55
Average Annual Increase in Households (from Economic & Planning Systems)		33
Annual Capture of Renter & Mobile Home Households (@2.5%)		50
Annual Demand from Existing Households Buying Another Home (@1%)		60
<b>Estimated Total Annual Housing Demand</b>		<b>198</b>
Estimated Percentage of Potential Homebuyers in 40% - 80% AMI	30%	
Estimated Percentage of Total Demand for Homes Under \$200,000	30%	
Estimated Annual Demand for Number of Homes Under \$200,000		<b>59</b>
Estimated Percentage of Potential Homebuyers in Over 70% AMI	75%	
Estimated Percentage of Total Demand for Homes Over \$200,000	70%	139
Annual Demand for Homes Under \$200,000 by Households Between 40% - 80% AMI		59
Less % Capture of Annual Demand by Existing Housing Stock (@75%)		44
<b>Equals Unmet Need for Housing Priced Under \$200,000 for Below 80% AMI</b>		<b>15</b>
<b>Number of Average Annual Units to be Produced and Sold Below \$150,000</b>		<b>8</b>
<b>Number of Avg Annual Units to be Produced and Sold Btwn \$150,000 - \$200,000</b>		<b>7</b>
<p>Notes: Annual capture of commuter households from Economic &amp; Planning Systems White Rock Plaza Market Study and White Rock Center Master Plan                      Average annual increase in households from Economic &amp; Planning Systems White Rock Plaza Market Study and White Rock Center Master Plan                      Annual capture of Renter &amp; Mobile home households from Los Alamos County Annual demand from existing households from Los Alamos County                      Estimated percentage of potential homebuyers in 40% - 80% AMI from Economic and Planning Systems White Rock Plaza Market Study; Claritas and updated by Los Alamos County.                      Sources: Economic and Planning Systems; Claritas; Los Alamos County</p>		





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# **Section 6**

# **Land Use Analysis and**

# **Policy Review**

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Los Alamos has always had a shortage of privately owned, developable land. Of the 69,908 acres in the County, only 5.25% (3,670 acres) of the total is in private ownership (Table 36). The largest landowners are the U.S. Forest Service (USFS) and the U.S. Department of Energy (DOE), with over 41% of the land in the County being owned by the USFS and another 35+% of land being owned by DOE.

This shortage of privately owned, developable land has historically constrained development and has been one of the factors contributing to a tight housing market, high median home prices and lack of housing affordability.

Given the amount of land that remains in federal government ownership, the best opportunity for Los Alamos to acquire new land for development is through a land transfer process from DOE or through another government entity that determines land to be excess. For example, the Quemazon development was built on land originally owned and deemed excess by the U.S. Forest Service. The mixed-income Piñon Trails subdivision in White Rock was sold by the Los Alamos Public School District after a determination was made that a site once reserved for a middle school was no longer needed for that use.

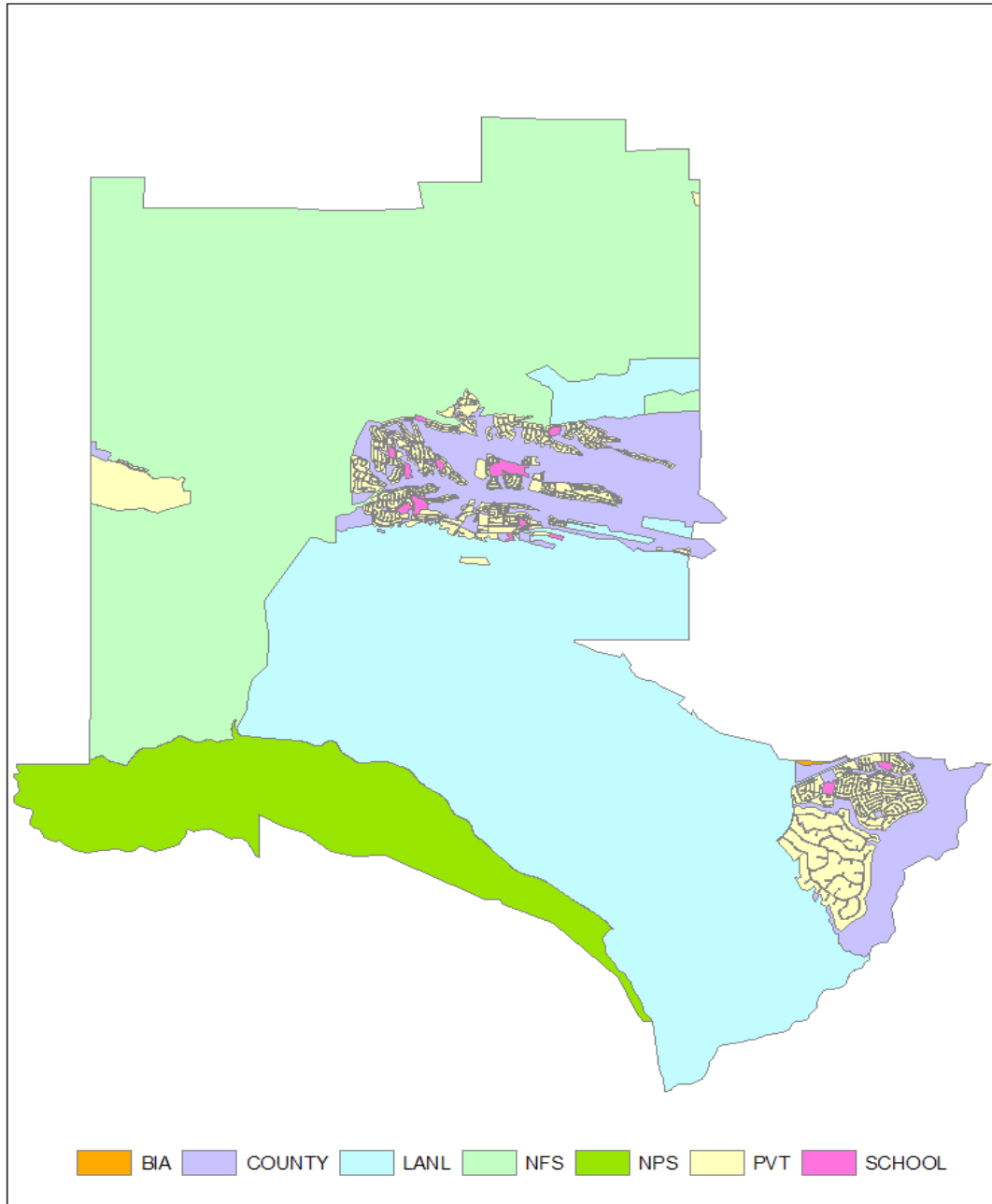
DOE has transferred thirteen parcels of land to Los Alamos County. Most of these parcels have been reserved for light industrial, office and retail uses, given the location or condition of the sites, and given that a primary purpose of the land transfers was for Los Alamos County to achieve self-sufficiency through economic development and expansion of the private tax base.

There are two land transfer tracts that are slated for mixed use development including residential use. A 60+ acre tract referred to as tract A-19-a, located on the north side of SR4 in White Rock, and a 25 acre tract, known as tract A-8, located south of Trinity Drive and overlooking Los Alamos Canyon.

<b>Table 36</b>			
<b>Los Alamos County Land Ownership as of January 2009</b>			
Owner	Square Feet	Acreage	% of Total
BIA	657,317.41	15.09	0.02%
CO	259,074,326.16	5,947.53	8.51%
LANL	1,073,731,638.75	24,649.49	35.26%
NFS	1,252,835,544.54	28,761.14	41.14%
NPS	289,813,820.76	6,653.21	9.52%
PVT	159,904,914.52	3,670.91	5.25%
SCHOOL	9,196,175.07	211.12	0.30%
<b>Total</b>	<b>3,045,213,737 Sq Ft, 109.23 Sq Mi</b>	<b>69,908.48</b>	<b>100.00%</b>

Source: Los Alamos County

**Exhibit 44: Land Ownership in Los Alamos County**



Source: Los Alamos County

### Land Use Analysis – Zoning and Historical Development Patterns

Of the 3,670 acres of land owned privately, approximately 2,941 acres are residentially zoned, a percentage of 80%. The remainder of the zoning is commercial, mixed use zoning, such as the downtown zoning districts and the other non-residential designations. In the residentially zoned areas, approximately 2,265 acres, or 77% are determined to be low density residential (4.5 units per gross acre or less), approximately 521 acres, or 18% of the total has been determined to be medium density residential (between 4.5 and 9 units per gross acre), and approximately 5%, or 154 acres are determined to be high density residential (over 9 units per gross acre).

The dominance of the low density residential zoning primarily reflects the development patterns of the subdivisions developed in the 1940s, 1950s, 1960s and 1970s in particular, as evidenced by the following statistics taken from Table 27. The median lot size in the North Community is 11,952 square feet; in the Western Area, the median lot size is 10,400 square feet; in Barranca Mesa, the median is 16,950 square feet; in White Rock the median is 11,200 square feet and in Pajarito Acres and La Senda (combined) the median lot size is 2.72 acres.

In contrast, the median lot size in the Eastern Area is 7,348, in Tsikumu Village the median is 7,596 and the median lot size in Piñon Trails (located in White Rock) is 5,565 square feet. It is no coincidence that these areas have the lowest median home values, as determined by the County Assessor, with the median home value of Eastern Area estimated at \$196,570, Tsikumu Village estimated at \$146,910 and Piñon Trails estimated at \$265,000 (with 50 affordable homes with assessed values at \$180,000 and under).

There is a connection between lot size and housing affordability, with lower median lot sizes promoting greater housing affordability. The one exception is the Western Area, where the median lot size is 10,400 square feet and the median home value is \$193,425. Numerous smaller, modest homes were built by the federal government in this area in the late 1940s and 1950s, when the raw land cost basis was zero and land planners did not appear to be as concerned with the impacts of large lot development on housing affordability.

Over time, there has been a greater recognition of the impact of lot size on infrastructure cost and housing affordability. Greater density allows fixed infrastructure costs for water, sewer, roads, drainage and dry utilities to be spread over a greater number of units, thereby reducing the per unit cost of development. With greater recognition of this relationship between density and cost, most of the newer subdivisions in Los Alamos have been developed with smaller lot sizes.

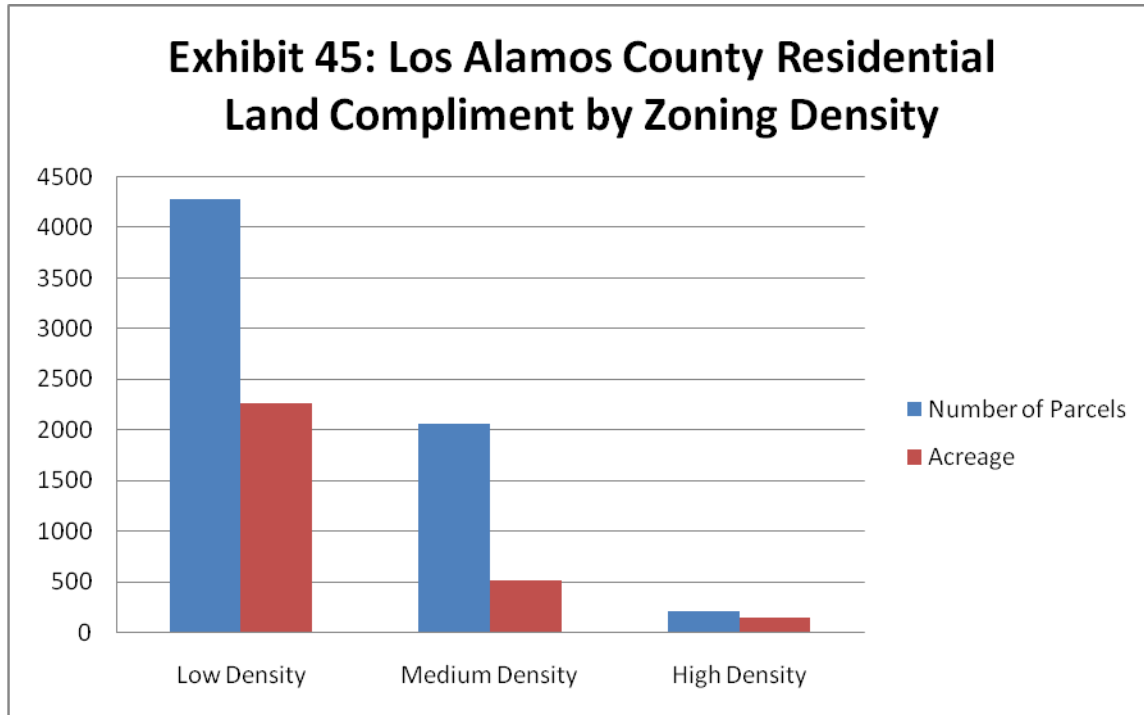
The traditional single family residential district zoning has imposed minimum lot size requirements which are not conducive to housing affordability. For instance, in both the R-E and the R-A zone (Pajarito Acres and La Senda), the minimum lot size requirement is 2 acres. According to Table 27 and the County Assessor, median home values are over \$400,000 in these two subdivisions. In the R 1-12 zone, R 1-10 zone, R 1-8 zone and the R 1-5 zone, the minimum lot sizes are 12,000, 10,000, 8,000 and 5,000 square feet, respectively. In addition to these minimum lot size requirements, there is a minimum street frontage requirement of 65 feet.

Both these requirements result in lower density development and lost opportunities to promote housing affordability.

In order to encourage affordable housing and promote innovative site planning, the County approved a "Revised Planned Development Ordinance" wherein a planned development residential zone can be created which allows for the provision of single family detached, attached and multiple family dwellings, as well as accessory apartments and home occupations to be provided within one tract. The planned development residential zone can have maximum density, measured in dwelling units per gross acre, as low as 2 units per acre and as high as 40 units per acre.

This flexibility in zoning allows for innovative site planning and design of multiple product types which can be used to promote housing affordability. The 121 unit mixed-income Piñon Trails subdivision was developed with a PD-5 designation, where the gross density was approximately 4.9 units per gross acre. Piñon Trails has duplex lots as small as 4,000 square foot with 40' frontage and single family detached lots as large as 16,683 square feet. Similarly, the Quemazon subdivision was developed with a PD-3.5 designation, with lot sizes ranging from below 2,000 square feet to over 20,000 square feet.

<b>Table 37</b>		
<b>Residential Acreage by Zoning Category</b>		
	Acres	% of Total
Low Density DU's/Acre	2266	77%
Medium Density DU's/Acre	521	18%
High Density DU's/Acre	154	5%
Source: Los Alamos County		



Land Use Analysis – Environmental Constraints

Much of the privately owned land in the Townsite is on mesa tops, with poor soils and a variety of rock formations at different subsurface depths combining to create a difficult situation for potential new development. In White Rock, the presence of rock, particularly basalt, can make utility trenching and excavation for building foundations a time-consuming and expensive exercise. The presence of underground tuff and basalt can be widespread or it can run in veins. The latter occurrence introduces a high level of unpredictability into site development.

The combination of higher site development costs resulting from difficult subsurface conditions and the unpredictability of what one will encounter makes it difficult to plan and implement an affordable housing project with typical low margins for profit and/or overhead. Consequently, there has been only one subdivision performed in recent history where a substantial number of affordable homes were built, that being Piñon Trails. In this subdivision development, the infrastructure contractor operated under a fixed fee contract. Their price was based on fairly typical grading costs for a 25 acre tract. They encountered so much rock that the final cost of site development was much greater than what they had estimated in the bid and as a result, they lost money on the site development contract.

In summary, environmental constraints which are typical of land in the Townsite and in White Rock make it much more difficult to implement an affordable housing project.

### Land Use Analysis – Availability of Infrastructure and Utility System Capacity

As a result of its continuing investment in the expansion of utility system capacity, Los Alamos County is positioned to handle new growth and development, including affordable housing development, without imposing onerous requirements on developers to expand the capacity of the infrastructure systems as a condition of development approval. In addition, unlike Santa Fe and Albuquerque, Los Alamos County does not impose impact fees on new development, as enabled by State law. Other cities and counties use such impact fees for water, wastewater and drainage system expansion, as well as for roads and other infrastructure items. Rather than depend on fees or development exactions on developers to finance infrastructure system expansion, Los Alamos County has chosen to finance system expansion out of its own resources. This policy decision is very advantageous to all potential developers of affordable housing and market rate projects.

The urban areas of Los Alamos County have access to all major utility services including electric, water, natural gas, wastewater and telecommunication. Los Alamos County owns and operates the water distribution, wastewater collection, natural gas distribution and electric distribution utilities in Los Alamos County. Telecommunication services are provided by Qwest and Comcast.

Los Alamos County operates two wastewater plants. The Townsite is served by a wastewater treatment plant located in Pueblo Canyon. This plant was placed into service in 2007 and was designed to accommodate increased flows resulting from new development. Additional capacity can be easily provided with a planned addition to the plant. The White Rock community is served by a wastewater treatment plant that has the capacity to serve new development. The interceptor systems in both the Townsite and White Rock have the capacity to serve new development.

Los Alamos County owns and operates the water production facilities in the County. Potable water is extracted from the main aquifer in the County via wells located in three separate well fields. Los Alamos National Laboratory (LANL), Bandelier National Monument, White Rock and the Townsite are all served by the County water system. Water distribution systems in the Los Alamos and White Rock communities are owned and operated by Los Alamos County and water is delivered in bulk to LANL, which operates its own distribution system. The County recently prepared a 40 Year Water Plan in which there is a projection that water is available for additional growth in the near term and that full development of the County's water rights will be achieved in the long term.

In 1985, the Department of Energy and Los Alamos County agreed to pool their electric generating and transmission resources and share bulk power costs based on each party's usage. This Electric Resource Pool, managed by the County, presently provides bulk power to LANL and the rest of Los Alamos County. The electric distribution systems in the Townsite and White Rock are owned and operated by the County. The electric distribution system is continually being upgraded to increase capacity and reliability, predominantly in the areas where there is land available for development. Therefore, this system has the capacity to serve the demands of new development.

Los Alamos County owns and operates the gas distribution system throughout the County. Gas is delivered in bulk to the County at four locations from New Mexico Gas Company transmission lines and is restricted by amounts established in transportation agreements. The Los Alamos County system deliveries are currently well below the amounts established in these agreements. The gas distribution system does contain adequate capacity to accommodate the demands of future development.

#### Land Use Capacity to Provide Affordable Housing on Privately-Owned Sites

Given the shortage of privately held land in Los Alamos, it is relatively easy to identify potential future development areas, and then further identify which tracts hold the greatest promise for providing affordable housing. There are two privately held vacant land tracts in the Los Alamos Townsite which are suitable for residential development and have access to infrastructure.

In the Ponderosa Estates subdivision located off of Range Road, a significant amount of land is still undeveloped. Of the projected 220 unit build out in this subdivision, only 85 homes have been built. So, additional development capacity of this tract is estimated at 135 units. However, the ability to provide affordable housing on the remaining land appears to be limited by the fact that the prevailing home pricing in this subdivision targets the upper end of the local housing market. According to the County Assessor, home values range from \$334,000 to \$800,000, making it unlikely that the developer would voluntarily make land available for affordable housing. There is no inclusionary zoning requirement in Los Alamos that would require a developer to set aside a certain percentage of housing as affordable.

There is a vacant, privately held 25 acre tract located in the Townsite off of San Ildefonso Road. The land has PD-4 zoning, meaning that the maximum number of units allowed is 100. Given the PD zoning, there can be a wide range of residential product types provided on the property. The owner has previously submitted development plans in the past for approximately 90 units and for a variety of reasons, has been unable to secure development plan approval. Previously submitted plans did not include an affordable housing component and again, there is no County requirement to mandate that affordable housing be provided as part of a development program on privately owned land.

In addition to these larger tracts, there are an estimated 213 vacant lots in Los Alamos. Except for a few 2,500+ square foot lots in the Eastern Area and a select few other single family lots, the estimated market value, according to County Assessor data, of all of the other available single family lots exceeds \$60,000. Under the assumption that lot sale prices would equal or exceed assessed values, and assuming that the lot price would equal approximately 23% of the final price of a home, even the lowest priced lot available would result in a \$260,000 priced home, which is above the affordable price range.

In conclusion, unless lot prices decrease significantly, one cannot reasonably expect affordable housing to be constructed on these lots. The required supply of affordable homes, then, must be delivered on other land.



### Land Use Capacity to Provide Affordable Housing on Publicly-Owned Sites

DOE has transferred to Los Alamos County a 60+ acre tract of land in White Rock referred to as Tract A-19a. This tract is located on SR4, adjacent to both commercial and residential uses on the other side of the road. During a recently conducted planning process for White Rock, there was much debate on how much of this land should be used for commercial vs residential use. Given the land's proximity to the commercial core of White Rock, it was determined that some of the land should be allocated for commercial use, with the remainder of the tract being used for residential. This allocation between commercial and residential has a great impact on the residential development capacity of this site. The last site plan prepared for the site indicated a total residential development yield of 220 units with a gross density under 6 units per acre, plus commercial uses. It had been determined previously by the County that 30% of total residential units to be developed on land transfer tracts be affordable so that County workforce housing needs are met.

On two separate occasions, the County had released Request for Proposals soliciting interest from private sector developers for A-19a development. On both occasions, the County had selected a proponent but development negotiations did not result in an agreement. Responding to these outcomes and in recognition of the greater level of development risk created by difficult subsurface conditions and a volatile real estate market, the County is now considering taking on a greater role in site development.

DOE has also transferred to Los Alamos County a 25 acre tract of land known as Tract A-8. This tract is located south of Trinity Drive, near downtown Los Alamos. This tract is peninsula-shaped and extends along Los Alamos Canyon. The County had previously received a development proposal on the use of this tract. Alternative site plans that were created for this site indicated residential development yields ranging from 150 – 200 units, for a gross density range of 6 – 8 units per acre. Negotiations with the prospective developer of this site did not succeed and as a result, developer interest will again be solicited for this property and adjacent land upon which primarily commercial development and some multifamily residential development would be targeted. The multifamily residential that was considered on an adjacent four acre site was planned for affordable housing, provided that an allocation of low income housing tax credits could be received for the 90 unit development. When the development negotiations with the prospective developer terminated, this development concept was terminated, as well.

The County does currently own land known as the Range Road tract, which is located at Diamond Drive and Range Road. This area had been the subject of a "Range Road Area Plan" performed in 1998. This land has pronounced development constraints including steep slopes and heavy forests which significantly limit its development potential. In the Plan, it was determined that only 22 of the 60 acres could even be considered for low density development. As a result, three scenarios were created in the plan which included a "no-build" scenario, a 21 unit development and a 42 unit development. Utilities are available to the site but the land would need to be rezoned from the current zoning designation of P-L (Public Land). It is questionable as to whether this land is financially feasible to develop under any scenario.

Apart from these tracts, the County owns approximately 5,900 acres of land, but virtually all of this is dedicated for institutional use, parks, ball fields and play lots, trails, drainage areas, golf course, utility areas, horse stables, roads and other public uses. There are limited situations where excess land may be created due to a road realignment, or where land once anticipated to be used for a public park is determined to be excess land. In such cases, land may be made available for development, including affordable housing.

The County has a few excess lots available and intends to offer them to a non-profit builder for the development of affordable housing.

#### Land Use Analysis – Code Incentives to Promote Infill Housing

In addition to the opportunities provided by the planned development zoning districts, the Los Alamos County Development Code does allow for the provision of accessory units up to 650 square feet to be built on the same lot as the primary structure. This encourages the development of small rental units to be designed to meet the special housing needs of single persons and couples of low and moderate income, and of relatives of families presently living in Los Alamos.

Until recently, single-use zoning districts, a lack of developable downtown land, and the predominance of surface parking areas have limited opportunities for new development and redevelopment in the downtown. Over the past several years, the County has updated its zoning and planning regulations to allow and encourage mixed-use development and has reduced its off-street parking requirements in conjunction with a “park-once” program that includes proposed downtown structured public parking facilities.

As an example of such zoning changes, the County has established four overlay districts which would incentivize downtown development, including affordable residential development. Three of these districts, the DT-NGO (Downtown Neighborhood General Overlay), the DT-NCO (Downtown Neighborhood Center Overlay) and the DT-TCO (Downtown Town Center Overlay) allow mixed use development of residential, office, commercial, civic and other uses to be developed within one project or within the geographical boundary covered by the overlay zone. The projects which are encouraged within these zoning districts would be higher density and multi-story, up to 60’ building height except adjacent to residential or canyon edge. The addition of these uses to the downtown area would contribute to the goal of a vibrant, walkable downtown.

#### Capacity to Address Special Needs Housing Needs

Traditional special needs populations include the disabled and the elderly. Both groups have specific housing needs which should be identified and addressed in this Plan.

The term “disability” is defined by the Americans with Disabilities Act of 1990 as a “physical or mental impairment that substantially limits one or more major life activities”. An individual may also qualify as disabled based on a personal or group standard or norm. Such impairments may include physical, sensory, and cognitive or intellectual impairments. Mental disorders and various types of chronic disease may also be considered as qualifying disabilities.

According to the 2000 Census, 1,935 Los Alamos residents, comprising 10.5% of the total population, were reported as having a disability. 226 residents aged between 5 and 20 years reported having a disability. 950 residents in the 21 to 64 age group reported having a disability. For the elderly population 65 and over, 759 individuals, representing 34% of the population in this age group, have a disability.

According to the Los Alamos County age distribution displayed in Table 8, there are 2,561 residents aged 65 and over, as of the year 2008. Using the 34% ratio of disabled individuals to total in this age group, it can be concluded that there are approximately 870 individuals over the age of 65 who are disabled in Los Alamos.

The need for elderly special needs housing is addressed by reviewing data from Table 21, which shows information on the number and percentage of individuals over the age of 65 who have reported "housing conditions", which is an indicator of housing need. Using this 2000 Census data from the Economic and Market Analysis Division of the US Census Bureau, it is concluded that of the 1,460 homeowners aged 62 and over, 156 (10.7%) have reported having housing conditions, with 90 of the 156 being one person households and 56 being two person households. Approximately 80% of these households reported an annual income of under \$30,000, which would qualify them as "very low income" households for that time period. Similarly, of the 140 renters aged 62 and over, 75 (54%) reported having housing conditions. Approximately 80% of these households reported incomes under \$30,000 per year.

To accommodate the traditional special needs populations identified above, the County should identify development sites which are proximate to commercial services in downtown Los Alamos. Either the sites need to be downtown or within easy access of downtown via Atomic City Transit, which offers free transit service in Los Alamos. Given the lack of reasonably priced vacant land in central Los Alamos, it is difficult to find a site upon which to build a financially feasible residential project which would house those with special needs. However, there are options which can be explored.

There is another source available to the County for land acquisition in locations which would be suitable for projects targeting the special needs population. The primary source is existing private land that was built upon in the late 1940s or 1950s, where the improvements are used as income property (apartments, quads, duplexes) and that may be providing only a small amount of positive cash flow.

With income property, value is based upon the net income produced. If little income is being produced, the property has little value. If little income is being produced and there is an insufficient amount of money being set aside for reserves that would fund major property repairs that occurs frequently in 50+ year old structures, then it is more probable that income properties would be put on the market for sale.

This represents an opportunity for the County, or a non-profit housing organization, to acquire and renovate such a property for special needs housing. In such an instance, the developer would need to partner with the MFA to acquire the subsidies that would be needed to insure the financial feasibility of such a project. The County has already purchased one such strategically

located downtown property that went into foreclosure with the intent to demolish the improvements and redevelop the area in support of its downtown revitalization efforts.

It is fair to assume that there will be more than a few opportunities in the future to acquire other income properties placed on the market for-sale after being caught in a situation of high debt service, limited cash flow, projected high costs of building renovation and limited replacement reserves. Unless a buyer is able to secure below market interest rate financing for the acquisition and renovation of such properties, it will be difficult for the properties to sell. Without a reduction in debt service from the current level, a new owner would likely experience the same type of financial feasibility problems as the current owner.

If the variety of programs offered by the MFA to incentivize affordable housing production for the traditional special needs population can be tapped, the County and/or a non-profit housing organization may be able to make further progress on redevelopment and housing the identified special needs population in locations suitable for this population with limited mobility.

#### Minimum Density Calculations Targeted to Affordable Housing Populations

In order to come up with a basis for minimum density calculations targeted to affordable housing populations, the Piñon Trails affordable subdivision will be used as an example of a successful, affordable single family subdivision project and the Mesa del Norte apartment project will be used as an example of a successful, affordable multifamily residential project. Both developments were done by the Los Alamos Housing Partnership, Inc., a local non-profit housing organization.

The Piñon Trails subdivision is a 121 unit subdivision on approximately 25 acres, with a gross density of approximately 5 units per acre with 50 affordable units purchased by households earning under 80% of Area Median Income, 9 moderately priced units purchased by households earning between 80% and 100% of Area Median Income and 62 other market rate units. The lot sizes of the affordable units ranged from 4,000 square feet to 5,500 square feet, with a median lot size of 4,500 square feet. Both single family detached and duplex units were part of the affordable housing. The market rate units ranged in lot size from 5,500 square feet to 16,000+ square feet.

In Piñon Trails, the average cost of raw land, infrastructure cost and soft costs (including financing, design, survey, permits, etc) was approximately \$185,000 per acre. The density at which the subdivision is developed has a direct influence on the affordability of the final product. In this instance, gross density was approximately 5 units per acre. This translates to an average per developed lot cost of \$37,000. A reduction in average density to 4 units per acre would drive the per lot cost up by \$9,000 to \$46,000. At 3 units per acre, the per lot cost would be approximately \$62,000. Clearly, affordable housing cannot be produced at this density unless a massive amount of outside subsidy money is used.

Even at the Piñon Trails density of 5 units per acre, the per unit cost of the affordable homes was artificially lowered by allocating some of these costs to the market rate homes. After this cross-subsidy was performed, the per unit "cost" of a single family detached affordable lot was

\$21,500 and the per unit “cost” of a duplex lot was \$6,500. Given the recent decline in the upper-end market in Los Alamos, the ability of any developer to provide such cross-subsidies within a project is becoming more limited. Without a change in this market dynamic, either the development density must be increased or the affordability targets must be changed, or a combination of both.

It is safe to say that the 5 units per gross acre achieved in Piñon Trails is the minimum density that is required to promote affordable housing. Even within this overall density for a mixed income development, it is advisable that clustering of units be planned so as to lower the costs of infrastructure. For example, all of the Piñon Trails affordable units were developed on lot sizes ranging from 4,000 square feet to 5,500 square feet, with a median affordable lot size of 4,500 square feet. Assuming that approximately 25% of a developable acre consists of streets, drainage areas, etc., a typical lot size of 4,500 square feet translates to a net density in the range of 7 units per acre. This clustering of development does provide some rational basis for the cost allocation between smaller affordable lots and larger market rate lots.

For multifamily housing, the Mesa del Norte multifamily project was a 36 unit garden apartment, two-story development with 24 two bedroom apartments, six one bedroom units and six three bedroom units. This project was developed at a density of approximately 18 units per acre. As Mesa del Norte has held its own financially, it appears that 18 units per acre is a reasonable minimum density calculation for affordable multifamily housing.

#### Local Government Permitting Processes and Fees – Impact on Affordable Housing

The Los Alamos County Community Development Department (CDD) handles all permitting for subdivision plat, site plan and rezoning applications, special use permits and other planning related permits. CDD also performs building plan review and inspections for all functions other than mechanical and plumbing, which are performed by the New Mexico Construction Industries Division. CDD has not only established standards for the time periods within which all permits must be processed but has established clear unambiguous criteria upon which applications are reviewed. These criteria are reviewed with the applicant in pre-application conferences, with the belief that greater understanding by the applicant of County review criteria will result in submittals which meet or exceed all minimum submittal requirements.

Once an applicant submits an application for subdivision plat, site plan and/or rezoning, for instance, there is only a five week lead time before that case is heard before the Planning and Zoning Commission. For approval of a subdivision plat, three submittals are typically made: a sketch plan, a preliminary subdivision plat and a final subdivision plat. The first two steps in the process can be combined if the applicant is willing to accept more risk in exchange for a quicker turnaround time.

Approximately ten days after submittal of an application, the applicant meets with the IDRC (Interdepartmental Review Committee) to review the submittal and hear the comments which representatives of all of the County departments have on the application. The comments that County staff makes at that meeting are incorporated in the staff report which gets presented to the Planning and Zoning Commission. In this way, the applicant has sufficient time to evaluate

County staff comments and conditions of approval and can decide whether it is feasible or not to accept the conditions.

Once approval of the final subdivision plat is granted by the Planning and Zoning Commission, it is a straightforward process to record the plat and begin construction. There is not another staff review process following such approval, only the acceptance of the engineer's cost estimate for subdivision improvements and the issuance of a financial guarantee for those improvements in a form acceptable to the County.

For building permit review, time frames have been established by the County for review of applications for new homes and commercial structures. Those time frames are 12-15 business days for turnaround of a new residential building permit application and 30 business days for turnaround of a new commercial building permit application. Of course, these time frames are dependent upon the applicant providing complete and clear documentation, according to a permit checklist which is explained to the applicant at the beginning of the process. The County Building Division is proactive with builders in explaining permit submittal requirements and in scheduling trainings with builders for any new Building Code changes which may be on the horizon.

It is fair to say that the time in which planning and building applications are processed in Los Alamos is equal to or less than other communities in northern New Mexico and that the permit processing system in Los Alamos does not represent a constraint to development.

Communities such as Santa Fe and Albuquerque charge development impact fees for water, wastewater, roads and other public facilities. Los Alamos does not have an impact fee program and does not make such charges. In regard to standard building permit fees, the Los Alamos fee schedule is set at levels which are comparable with the rest of northern New Mexico. For instance, for a new residence with a construction valuation of \$200,000, the building permit fee is \$1,553.75. For homes certified as affordable housing, this fee is waived in its entirety.

In addition to the building permit fee, there are charges for utility hookups. For all utility hookups, the standard residential fee is \$1,750 per unit, with no waiver being given to an affordable housing unit. Although waiver of the utility hookup fee would lower the cost of the affordable unit, it is difficult to argue that these fees represent a constraint to affordable housing development, especially when compared to utility fees charged in Santa Fe, Albuquerque and other communities in northern New Mexico.

For most entities involved in land development, the NPDES (National Pollutant Discharge Elimination System) program is a constraint to development. The NPDES stormwater program requires construction site operators engaged in clearing, grading and excavating activities that disturb one acre or more to obtain coverage under an NPDES permit for their stormwater discharges. This sounds innocuous enough, until one has a first-hand view of how this program is administered. Forty-five of the fifty states now administer their own program. New Mexico is one of the five states that still cede control over program administration to the U.S. Environmental Protection Agency.

To be in compliance with federal regulations, the developer must prepare a SWPPP (Stormwater Pollution Prevention Plan). The requirements are complex enough so that private consultants typically get paid to prepare the plan. If the permit and plan are not available for review on-site, the developer is subject to fines. Once construction begins, the developer must assure that sediment control measures are put in place, per the SWPPP. Examples of this include silt fencing, stabilized construction entrance, concrete wash pit installation and many more requirements. Failure to make these improvements exposes the developer to fines. Inspection and maintenance reports must be done frequently and after any significant rain event. If these are not done, or contain erroneous information, the developer is subject to fines.

Developers do not get warnings from enforcement officers, they get fines. These fines can be very substantial. There is no distinction made if one is working on an affordable housing project or a luxury residential project. Violations are cited and fines are levied. Although the program is well-intentioned, the way in which it is administered represents a constraint to affordable housing development, where the profit margins are smaller to begin with and the risks of development are higher.

### Development Standards

A typical exercise for a local chapter of the National Association of Home Builders to undertake in a community is to evaluate that community's subdivision requirements and assess what are unusually costly features which, if eliminated, would reduce the cost of development and the cost of the home. Such an exercise would not be terribly productive in Los Alamos, given that this community does not have unusually costly subdivision standards that stand out.

Street width and construction standards, sidewalk requirements, storm drainage requirements, landscaping requirements, street lighting standards and dry utility standards all have a significant impact on site development costs and the final cost of the home. Los Alamos does not impose unusual requirements on subdivisions or individual projects when compared to other communities in New Mexico.

One of the best things that a community can do to lower the cost of housing is to provide for all off-site improvements, rather than request that a developer make such improvements. Los Alamos has consistently underwritten the expense of providing off-site improvements and continues to do so. An example of the continuation of this practice is the County provision of off-site improvements that have been made to the A-19-a land transfer tract in White Rock. The elimination of off-site infrastructure expenses from a developer's pro-forma greatly enhances the financial feasibility of affordable housing developments.

### Local Capacity to Administer Affordable Housing Programs

The County funds a Housing and Special Projects Manager position. At present, approximately two thirds of this individual's time is spent on housing related issues, including property management function for a 132 unit apartment complex owned by the County, staff support for the Los Alamos Housing Partnership, creation of a housing rehabilitation program, drafting of this affordable housing plan and other housing related tasks. The County staff person

performing this role has experience in land development and the production of affordable housing, administration of federal and state grants, market and financial analysis and other pre-development planning, real estate sales and homeowner counseling.

In addition to funding this position, the county has set aside \$250,000 for the capitalization of the housing rehabilitation program and has allocated \$65,000 for the hiring of a contractor who will assist in the housing rehabilitation program.

The Los Alamos Housing Partnership, Inc. (LAHP) is a 501c3 private non-profit corporation that has been responsible for developing the 121 unit Piñon Trails subdivision in White Rock. Of these 121 units, 50 were affordable and were sold to households earning well under 80% of Los Alamos AMI. The LAHP also applied for, received and administered \$220,000 in HOME funding from the MFA. This money was used to further subsidize home purchases for eleven income-qualified buyers. The LAHP is experienced in administering an affordability control program after sale, as it uses similar instruments as employed by the MFA in insuring that affordability is maintained over time. The LAHP is also the general partner on a 36 unit apartment project funded through the federal low income housing tax credit program.

The LAHP is governed by a seven person volunteer Board of Directors which sets policy for the organization. LAHP has no staff and has depended upon the County for provision of a staff person, office space and materials. Until LAHP is able to secure its own staff person, separate from the County, it will be limited in what it is able to do.

The LAHP is the only affordable housing organization with a locally based Board of Directors that performs work in Los Alamos. At present, there is no housing authority in Los Alamos. The Santa Fe Civic Housing Authority (SFCHA) is performing the function once served by Region II Housing Authority, in that it administers the Section 8 rental voucher program in Los Alamos. Nine months ago there were 106 recipients of voucher assistance and a 43 person waiting list. As of June 30, 2009, the waiting list has increased to approximately 90 based on the number of applications received through the County CDD office.

#### Funding Availability for Property Acquisition, Development and Construction

LAHP, as a non-profit corporation with very limited assets and net worth and no track record in single family development was able to get a \$4,575,000 development loan from Los Alamos National Bank in 2002 for use at the Piñon Trails subdivision. This money was used for land acquisition, pre-development activities and site development, but not including home construction. In addition to that, LAHP received a revolving line of credit up to \$2,000,000 that was used to finance the affordable home construction. For both loans, the interest rate was set at 5.5%, with quarterly interest payments that did not have to be paid in cash but were added to the principal amount of the loan. In addition to these terms, LAHP worked with LANB to structure a partial release schedule (lot repayment schedule) that enabled LAHP to artificially lower the cost (partial release price) of an affordable lot and add the extra cost to the cost (partial release price) of a market rate lot. This internal subsidy, by itself, lowered the price of an affordable lot by up to \$30,000.



It is fair to assume that if LAHP, or another private company, were to approach LANB, or any other lender, today about getting this type of loan for this type of project, either the answer would be “no” or the terms would be quite different. The lender may not want to lend on the land acquisition part of the cost, and may expect the developer to already own the land and contribute that as equity to the deal, or if this is not possible, it may ask the seller of the land to subordinate its note and mortgage on the land transaction to the lender’s development loan. Most sellers of land will not do this.

The difficulties in securing equity capital or debt financing for a development project become much greater if the developer cannot demonstrate that they have presold the project or if market absorption is slow and/or unpredictable. In Los Alamos, the current market is both slow and unpredictable, given the extreme dependency of the local economy on annual congressional appropriations for funding LANL. Greater volatility in the market combined with the likelihood of periods of slow sales absorption creates an abnormally high level of risk for both the lender and the developer. This may cause the lender to refuse to lend on the project, lend less money or offer less favorable terms. In response, the developer may then be pressured to take on a smaller project with less exposure and/or reduce the amount of any planned affordable housing in the project.

Even with these constraints, and without a subsidy, the LAHP proceeded with the Piñon Trails development and created a successful, affordable product. Most developers would not have undertaken such a project. Given market dynamics in Los Alamos, there are very few new developments where developers have chosen to acquire land, develop the site, and then build housing.

To help overcome some of these obstacles to larger scale land development in Los Alamos and to further promote affordable housing, the County may want to consider providing financing incentives for land acquisition and site development which will lower the overall financial risk to the developer and make it easier for a project to deliver affordable housing in the price range that is most needed.



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## **Section 7**

# **Affordable Housing Program Recommendations**

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## Overview

This Section provides a description of nine different types of housing programs that Los Alamos County can consider to address the housing needs detailed earlier in this plan. Programs are presented which cover the entire range of the affordable housing spectrum, including homeless housing, rental construction and rental assistance programs, housing rehabilitation program, land donations, discounts and infrastructure provision for affordable homeownership and a regulatory tool known as inclusionary zoning.

How each program can address the production goals set forth in Section 5 is discussed, as is a general description of the program, options for development, funding and management and a discussion of the “next steps” to be taken if Council wishes to move forward.

The program descriptions that are provided are general in nature, but contain sufficient detail to provide Council with enough information to evaluate whether or not they want to pursue the program. Different options for the delivery of affordable housing programs are presented. Review of the material herein should facilitate discussion of the role of non-profit affordable housing providers such as the Los Alamos Housing Partnership, the County, the regional housing authority that has been established to serve an eleven county area including Los Alamos, a potential new housing authority which may be created to serve only Los Alamos, and other service delivery options.

The fiscal impacts of implementing individual programs are only discussed in general terms, as a detailed fiscal impact analysis is better made when program details are brought before Council. The Council may choose to prioritize among alternative housing programs. Toward that end, the first detailed analyses of programs to be presented to Council will be for the housing rehabilitation program and the land donation program for affordable housing.

With this overview, the following programs will now be described: Special Needs Housing; Homelessness Prevention; Rental Housing Assistance; New Rental Housing Construction, Acquisition and Rehabilitation; Los Alamos Apartments Management; Housing Rehabilitation; Land Donation/Discount and County Provision of Infrastructure for Affordable Homeownership; Inclusionary Zoning Provision for Land Transfers and Expansion of Local Capacity Assistance.

## **SPECIAL NEEDS HOUSING**

### Review of Production Goal

The needs analysis in Section 5 identified a production goal of 20 transitional and/or permanent supportive housing units to be provided. At present, there are no such units available in Los Alamos. Although the number of indigent households living with family and friends is much greater than this number, as is the number of local low income individuals receiving behavioral health services, it is assumed that most potential candidates would not choose to participate in such a structured program. In addition, the amount of funding required to develop and operate such a program can impose a limit on project scale. The production goal may be met by the

development and operation of a specific project and/or a rental voucher system that would enable the most self-sufficient clients to procure their own housing.

### Program Description

Both transitional housing and permanent supportive housing provide households with rental housing in concert with a comprehensive range of behavioral health services, skill building and employment counseling services, provided by a behavioral health service provider. Transitional housing has a time limit, typically up to twenty-four months, over which time clients receive support services that enable them to overcome the challenges that led to their homelessness and leave for completely independent housing. Permanent supportive housing has no time limit and is designed to provide a long-term solution to individuals and families who have a longer history of homelessness and chronic behavioral health disorders. Depending upon the client's individual situation, rental assistance may be provided at scattered sites throughout the community or within a specific development serving clients with similar behavioral health needs. Typically, clients are referred by a behavioral health provider and an individualized treatment plan is created for each client. Clients would be very low income, with incomes under 30% of Los Alamos Area Median Income.

### Examples of Service Providers

Typically, a private non-profit organization owns and manages transitional and permanent supportive housing. In Santa Fe, examples of non-profit owners and managers of transitional or permanent supportive housing are The Life Link, St. Elizabeth Shelter, Youth Shelters and Family Services and Esperanza Shelter. In Taos, non-profit groups Community Against Violence and DreamTree Project operate transitional housing facilities. In Los Alamos, the Los Alamos Family Council provides behavioral health services. The Los Alamos Housing Partnership, Inc. (LAHP) is the only private non-profit affordable housing organization in Los Alamos.

### Development and Funding Options

Los Alamos may choose to develop new transitional housing and/or permanent supportive housing in one project, or may opt to acquire and renovate existing properties for sale on the market. In the alternative, a rental voucher program may be instituted that would allow clients to select their own housing alternatives in the private market.

New Mexico offers two programs under what are referred to as Continuum of Care grants. These grants are offered by the federal Department of Housing and Urban Development in a competitive application process. In one type of program, grant funds can be used to develop transitional housing and permanent supportive housing. Funds can be used to acquire a building or site; new construction; rehabilitation; and operation of the project, including the provision of behavioral health support services. The emphasis in recent years by the federal government is on acquisition, construction or rehabilitation of permanent supportive housing, with an emphasis on providing housing for the disabled homeless. The second type of program is referred to as a shelter plus care program, in which grants are provided for housing vouchers

for disabled homeless individuals who can use the vouchers to rent housing in the private market.

Each of these programs require a matching grant, which is offered during an annual round of competitive grant applications, sponsored by the New Mexico Mortgage Finance Authority (MFA) under their Transitional and Supportive Services Program. Funds can also be applied for from MFA during this time to help cover operating costs for transitional housing and permanent supportive housing, including administration, utilities, maintenance, and repair costs for such housing. In addition, grants are available to assist in funding the services that are provided to clients along with the housing assistance. Eligible services cost include employment counseling, behavioral health services, nutritional counseling and other services such as childcare, transportation, job placement and job training. The MFA also offers a program entitled Tenant Based Rental Assistance, which is grant money that can be used for rental vouchers for people leaving homelessness.

In addition to the funding described above, there are three other funding sources that can be used to fund site acquisition, new construction and/or rehabilitation of existing structures for transitional housing or permanent supportive housing. Three of these funding sources are the federal HOME program, the Primero Loan program and the Land Title Trust Fund program, all of which are administered by the MFA. HOME applications and Primero Loan program applications are considered throughout the year while Land Title Trust Fund applications are considered quarterly. In addition, the Federal Home Loan Bank also provides grant money for this purpose. This private money can be used to match government grants.

There also may be additional funding assistance available for the special needs population under the Linkages program administered by the Mortgage Finance Authority. The New Mexico Behavioral Health Purchasing Collaborative, through ValueOptions of New Mexico is funding Linkages, a program to provide rental subsidies and supportive services to vulnerable populations. Linkages is designed to target consumers with demonstrated housing needs, prioritizing individuals with serious mental illnesses. This initiative is one of the first steps that the Collaborative is taking to implement its long range Supportive Housing Plan to create supportive housing for its target population.

### Management Options

Los Alamos may wish to consider five options for the ownership and management of special needs housing. These options are as follows: solicit a non-local non-profit owner and manager of transitional housing and permanent supportive housing facility in another community to develop, own and manage a facility in Los Alamos; allow the new northern regional housing authority created by recent State legislation to develop, own and manage a facility in Los Alamos; solicit interest from the Los Alamos Housing Partnership, Inc. in developing such a project; establish a new non-profit with a specific mission to develop, own and manage transitional and permanent supportive housing; create a local housing authority that will use its powers to construct, own and operate this project.

Having some degree of local control over a permanent supportive housing facility owner and manager working with an occasionally difficult client base would appear to be the most preferable approach. This assumes that the County Council would want to have some influence on policy decisions made by the management entity. With a non-local non-profit owner and manager, the local governing body would have no real influence over that Board's decision making. Under the provisions of the recent regional housing authority legislation, Los Alamos County would have one representative on an eleven person Board of Directors, and that representative would be chosen by the Governor, not the local Governing Body.

With both the LAHP and the local start-up non-profit options, although the County Council would have no representation on the Board of Directors of either organization, it would have influence to the extent that the County contributed financial assistance, land, or both to the organization. In the local housing authority option, the County Council could serve as the Board for such an organization, or it could appoint members to serve on the Board. Both options would provide local elected officials with a greater level of control over the actions of such an organization.

### Next Steps

If the County Council chooses to pursue such a program, staff will need assistance in performing a feasibility analysis for the project. If such a project proves to be feasible, staff will need assistance in setting up the specific program, recommending the best option for project development, ownership, management and support services, preparing a financial plan and working on grant applications, among other issues. The New Mexico Coalition to end Homelessness is a statewide organization with substantial experience in transitional housing and permanent supportive housing. Their expertise would be useful to the County and they would be available to provide technical assistance to County staff on these issues. A recommended next step would be to enlist the services of the New Mexico Coalition to End Homelessness to assist staff in further exploring project feasibility and performing necessary pre-development planning.

### General Fiscal Impact

The County may be requested to donate land for such a project and to assist in some level of operational funding which would be combined with MFA funds and other donated and grant funds. The amount of any operational fund request would depend upon the scale of the facility being managed and the organization's success in raising other monies for operational funding.

## **HOMELESSNESS PREVENTION**

### Program Description

The MFA recently solicited applications from organizations wishing to provide services to the near-homeless and recent homeless under the Homelessness Prevention and Rapid Re-Housing Program, funded by the American Recovery and Reinvestment Act of 2009. One objective of the program is to prevent homelessness for households who are on the verge of

homelessness due to the economic crisis. Another objective is to rapidly re-house persons who are currently experiencing homelessness.

The Life Link in Santa Fe applied for and received funding from MFA under this program to provide services throughout a multi-county area, including Los Alamos County. In Los Alamos, Life Link would coordinate with the Los Alamos Family Council and County staff in the provision of assistance in the County. Program activities would include the following: provision of short term (up to 3 months) rental assistance; provision of medium term rental assistance (4 to 18 months); provision of security and utility deposits; provision of utility payments for up to 18 months, as well as utility and rent arrears up to 6 months. Emergency shelter assistance would be made in the form of motel/hotel vouchers for up to 30 days.

Funds are available to pay for provider staff costs in performing client intake and processing, performing housing inspections and issuing payments to landlords. Case management services would be provided to clients, along with assistance in housing search and placement, legal services and credit repair. Clients must be below 50% of Area Median Income and either currently homeless or at risk of homelessness.

#### Management Options

Eligible service providers are local governments, nonprofit organizations and public housing authorities. As is the case with most, if not all grant programs, the grantee organization must demonstrate capacity to manage the program, administer federal funds and provide necessary financial reporting.

For this particular program, the grantee organization must have two years experience with voucher based rental assistance funding. Although the County has, under the Section 8 rental voucher program, provided intake services and assisted with income qualifications of tenants and other services, it has not handled voucher funds and would therefore not be an eligible recipient under this program.

#### Next Steps

Now that The Lifelink of Santa Fe has been successful in obtaining grant funds for this purpose, County staff should work with that organization and the Los Alamos Family Council to determine how Los Alamos can best be served through this program.

#### General Fiscal Impact

Zero County financial assistance is anticipated to be requested for this program, which is entirely federally funded.

## **RENTAL VOUCHER HOUSING ASSISTANCE**

### **Review of Production Goal**

The needs analysis identified a rental housing production goal of 140 units affordable to households earning under 30% of Area Median Income. Depending on the household size, this translates to a maximum of about \$21,500 in annual income and a maximum rent of \$538 per month, using a factor of 30% of income paid as rent. This is a difficult market to serve. In addition, the needs analysis also highlighted the unmet rental housing need for the 30% - 50% AMI category. The housing needs of this group may be somewhat easier to address.

Although efficiency apartments in Los Alamos are renting in the \$500 range and some one bedroom units rent close to that level, there are few if any vacancies in the market now for efficiency and one bedroom units. It is extremely difficult to build new apartments that can be rented at this level, unless they are heavily subsidized. Therefore, to serve this target population new construction and/or renovation of existing structures may need to be augmented by an expanded rental voucher housing assistance program, such as the federal Section 8 rental voucher program.

The production goal of 140 units can be achieved through a combination of new construction, acquisition and renovation of existing apartment complexes and an expanded rental assistance program. Given the financial feasibility challenges of serving the below 30% AMI group, the needs of the 30%- 50% AMI population should also be addressed in planned affordable multifamily rental projects.

It is unlikely that there will be more help coming from the existing Section 8 rental voucher program; in fact, it is possible that the future will see less voucher money being used in Los Alamos than in years past. As of June, 2009, there were approximately 90 households on the waiting list for the Section 8 rental voucher program. Anecdotal evidence from participating landlords and clients indicate that the number of vouchers being used in Los Alamos may have declined over the past twelve months, and that there are a number of cases where clients' subsidy amounts have been reduced by the SFCHA, requiring the clients to pay more in rent or landlords to charge less.

In the 2009 State legislative session, the State terminated the existing seven regional housing authority systems and created three regional housing authorities. The new northern regional housing authority now includes eleven counties: Los Alamos, Cibola, Taos, McKinley, Rio Arriba, San Juan, San Miguel, Mora, Guadalupe, Colfax and Sandoval counties. All of these counties are much poorer than Los Alamos. The vouchers currently being used in Los Alamos will become an asset of the new regional housing authority. It is possible that Los Alamos will not be able to retain the current level of vouchers, given how the program works, as explained below. If this scenario does occur, then the need for rental assistance will increase in Los Alamos, over and above what has been presented here.



### Current Program Description

The primary rental assistance program used to serve low income households is the Section 8 rental voucher program. The rental vouchers are "tenant based," meaning that qualifying households may use them in any rental unit where the landlord agrees to participate in the program. According to the Department of Housing and Urban Development's (HUD) program description, vouchers generally cover the difference between thirty percent of household income and the payment standard determined by the housing authority. According to HUD, this payment standard is approximately 80% to 100% of the HUD established "fair market rent" for Los Alamos.

HUD, through the New Mexico Mortgage Finance Authority (MFA), contracts with the Santa Fe Civic Housing Authority (SFCHA) to administer this program in this area. The SFCHA receives an administrative fee for its cost of administering the program. Much of the client intake had historically been performed by the County. However, upon the SFCHA's announcement that new applications would not be accepted after June, 2009, the County's role in this intake function terminated. As part of its administrative duties, the SFCHA performs annual income recertification of the clients, performs housing quality inspections to make sure that rental units meet HUD standards, processes rental voucher payments to landlords and establishes policies for program administration, within parameters set by HUD and MFA.

One example of a program administration policy would be the housing authority's discretion to set a voucher payment standard between 80% and 100% of HUD established fair market rent levels for Los Alamos. These fair market rents are \$625 for an efficiency, \$728 for a one bedroom unit, \$955 for a two bedroom unit and \$1,146 for a three bedroom unit. The payment standard established by the housing authority is one major determinant of the amount of voucher that the housing authority provides. Another example of policy is the housing authority's discretion to establish "local preferences" for selecting applicants from its waiting list. Households who qualify for such "local preferences" move ahead of other households on the waiting list who do not qualify for such preferences. Examples of local preferences that are allowed under HUD guidelines are: provisions favoring disabled individuals, homeless, occupants of substandard housing and households paying more than 50% of income on rent.

A housing authority is also provided latitude by HUD to use up to 15% of voucher funds for "project based" vouchers which are used in specific buildings. A cautionary note is that tenants who use such "project based" vouchers rather than "tenant based" vouchers have no right of continued assistance if they leave the assisted rental unit.

Tenants also have some flexibility under a "tenant based" voucher program. According to HUD's program description, new voucher holders are not restricted to lease within a particular geographical area if the applicant household lived within the jurisdiction of the housing authority at the time it applied for assistance. For those new voucher holders who were not living in the jurisdiction of the housing authority at the time it applied for assistance, they must initially lease a unit within that jurisdiction for the first twelve months of assistance, after which time they can look elsewhere.

### Proposed Program Description

In recognition of the existing workforce rental housing need and the status of the existing Section 8 rental voucher program, Los Alamos could choose to operate its own rental voucher program, with intake procedures, income qualifications, housing inspections and program administration modeled after the Section 8 rental voucher program. The key proposed difference recommended here is that this program could be structured as an employer and County assisted housing program, where the employer deducts a specified amount out of an employee's paycheck, and deposits it in a rental assistance fund managed by the County or its agent. The County could choose to match that employer contribution on a 1 to 1 ratio (or another ratio), making it very attractive for an employer to participate in the program.

The program could be geared to that segment of the workforce where local employers find it most difficult to retain employees. Two examples are food service and retail. Someone making \$8.00 an hour could have \$0.75 per hour deducted from a paycheck and deposited into a rental assistance fund. The County could match \$0.75. If the employee works 150 hours per month, the total rental assistance payment would be \$225 per month. In this example, whereas this employee could originally have afforded a rental payment of \$400 without subsidy (although no units are available at that price), now that same employee could afford to pay rent of \$625.

The program would set income limits for participation in the program, maximum benefit levels for participants, time limits for individual participation in the program, maximum rental levels and other criteria similar to the Section 8 rental voucher model. The difference is the target market; the local service workforce would benefit exclusively under this program. These are the same individuals who income qualify under the Section 8 rental voucher program, but may find themselves bumped down on the waiting list in favor of someone benefiting from a "local preference," as previously described.

If a productive workforce resulted in additional business sales, the County may recoup some of its investment in the form of gross receipts tax revenue. If local employers did not choose to utilize the program, the County would spend no money, as County money would only be used as a match to the employer's contribution.

### Examples of Service Providers

A public housing authority created under New Mexico Municipal Housing Law must administer a federally funded Section 8 rental voucher program. If Los Alamos created its own housing authority, it is questionable whether it could get its own allotment of federal Section 8 funding. According to its website, HUD is not entering into new contracts with housing authorities for vouchers, it is only renewing existing contracts and providing continued assistance for households with "project based" vouchers. New contracts/certificates have been for "special purposes only." It is not known whether creating a new housing authority would qualify as a "special purpose", especially when an existing housing authority (SFCHA) already serves the area.

As was described earlier in this section, non-profits who are not housing authorities have been able to administer voucher programs for homeless housing and homelessness prevention. For these programs, funding preference is given to organizations that can demonstrate experience in administering voucher programs.

Of course, Los Alamos could decline to create its own housing authority and utilize the services of the new regional housing authority service provider, be that the Santa Fe Civic Housing Authority or another provider. Such a provider would have experience in program administration, a proven relationship with HUD and the MFA, and access to a wide range of federal and state programs.

### Funding and Management Options

If Council were to favor an employer and County assisted rental voucher housing assistance program, this is one way in which a newly created housing authority could gain experience in the administration of a rental voucher program. Of course, the housing authority would need to continually seek to obtain federally funded vouchers under the Section 8 program.

The income levels served under the Section 8 rental voucher program would be lower than what would be anticipated to be served under an employer assisted housing program. If, for example, the average County assistance per household in an employer and County assistance program was \$125 per month or \$1,500 per year, and the County served 100 households, the annual expenditure would be \$150,000. In contrast, total funding of the federal Section 8 voucher program in Region II had been estimated at approximately \$450,000 to \$475,000. This cost does not include the annual cost of program administration.

The logical choice to operate such a program would be a newly created local housing authority. A housing authority can apply for and administer Section 8 rental voucher funds, when such monies are available. A local organization can more effectively work with and be accessible to local employers, landlords and clients in the marketing and administration of the program. A locally based organization committed to serving Los Alamos would have the best chance of success.

### Next Steps

County staff should continue to work on program structure and work with LACDC and local employers in determining the level of interest in the program. If it appears that there is sufficient interest, then staff would present Council with the specifics of the proposed program, amount of money requested and a list of employers that would have agreed to participate in the program.

### General Fiscal Impact

If this program were to be implemented, the County would be expected to contribute matching funds for the vouchers to be issued to the qualifying service workforce. The amount of the contribution would depend upon the ratio of County to private funds and the number of participants in the program. In addition, the County would be expected to underwrite the cost of program administration. These costs would be less if the program were administered by an

existing organization with the required administrative and financial management systems already in place. With a new organization, these systems would need to be created and the upfront costs would be formidable.

## **NEW RENTAL HOUSING CONSTRUCTION, ACQUISITION AND REHABILITATION**

### **Review of Production Goal**

The existing need of 140 units of affordable rental housing can be met by a combination of new rental construction, acquisition and rehabilitation of existing units and/or a rental assistance program. There is concern about the ability of existing apartment complexes to remain in service, given the high costs of maintenance, increasing energy costs and relatively high interest rates on existing loans, among other factors. With the demolition of four buildings in the Los Alamos Apartments complex, the market would be greatly impacted if it were to lose other affordable housing options. Even in a strong market, cost factors can make it very difficult for a project to provide positive cash flow.

The market need is most acute for efficiency and one bedroom apartments, particularly in the summer, when hundreds of students arrive in town to work over the summer at LANL. Given that the predominant affordable housing rental needs are for units that are priced to serve households at or under 30% of Area Median Income and for units priced to serve households between 30% - 50% AMI, several subsidy programs will need to be used to keep rents low for new construction and/or acquisition and rehabilitation projects.

### **Program Description**

The best way to get a low income multifamily residential project built is to donate a tract of land to a development organization in exchange for a contractual commitment to rent a specified number of units to households earning under 30% of Area Median Income and/or between 30% - 50% AMI. In order to serve these target markets, the project would need to receive assistance from several federal and state programs.

Another alternative may be for a development organization to acquire and renovate an existing apartment complex. This presumes that the property is priced at a reasonable level. If below market interest rate financing can be secured and a program such as the low income housing tax credit can be used to provide the equity and reduce the amount to be financed, it may be possible for a developer to target the difficult market niches of under 30% of Area Median Income and between 30% - 50% AMI..

The development organization that chooses to attempt to serve these target markets should evaluate whether new construction or acquisition and rehabilitation is the most cost effective alternative, assuming reasonable levels of federal and state subsidies.

### Examples of Service Providers

The Los Alamos Housing Partnership, Inc. (LAHP) has developed a 36 unit apartment project on the North Mesa, using the federal low income housing tax credit program. That project serves households earning under 60% of Area Median Income. Santa Fe Civic Housing Authority owns and operates several housing projects serving a very low income population. Likewise, the Santa Fe County Housing Authority also owns and manages several housing projects for very low income households. Other non-local non-profit groups have also expressed an interest in acquiring and managing rental property in Los Alamos.

Again, another option for Los Alamos is to create its own housing authority that would have the power to issue tax-exempt bonds for project financing. Like the LAHP option, there would be some measure of local control over Board management, which may make it more palatable for the County to donate land for project development. In addition, there are numerous for-profit developers and managers who are experienced in low income multifamily housing developments and who would be highly qualified to build and manage a successful low income rental housing project.

### Development, Management and Funding Options

The MFA offers a wide range of programs for multifamily project development. The most widely used program for affordable multifamily new development and acquisition is the federal low income housing tax credit program (LIHTC), administered by the MFA. Applicants compete for an allocation of federal tax credits which can be sold for cash which then serves as the equity for the project. Project applications for the annual LIHTC funding cycle are due at the end of January.

The MFA offers other assistance programs, including the 542 (c) FHA-insured multifamily loan program that offers market rate loans at 90% loan-to-value for new construction projects and with 40 year terms. MFA also offers an Access Loan program, Build-It Loan Guaranty program, HOME Rental Loan program, New Mexico Housing Trust Fund program and Primero Loan program, all of which offer alternatives to conventional bank financing which is more difficult to obtain.

Other options for financing are tax-exempt bond issuance and an allocation of the State Board of Finance Private Activity Bond volume cap. Both of these options offer interest rates for project financing which are well below market. Another option which has been used many times is the HUD 221 d (3) and (4) programs, which provide FHA mortgage insurance for HUD approved lenders. Once the non-profit or housing authority has a contract to receive title to the subject land or multifamily property, it can apply for any one of these programs or a combination.

### Next Steps

If new rental development is a favored option, the County should evaluate what property can be donated for a low income multifamily project. Preferably, the location of the property would be easily served by transit and within easy range of services.

### General Fiscal Impact

The County may be asked to donate land to a developer or provide land at a discount, depending upon the income level of renters that the developer agrees to serve. No additional financial assistance from the County is anticipated, given that the development project would be expected to pay for itself after subsidies from other State and federal organizations.

## **LOS ALAMOS APARTMENTS MANAGEMENT**

### Production Goal

The County purchased the 132 unit Los Alamos Apartments property out of foreclosure on November 21, 2008 with the short term plan to demolish four of the five buildings on site and retain the fifth building at 939 Iris for a low income rental development. At the time of purchase, tenants occupied three of the five buildings, with additional units in a fifth building being rented out to the YMCA. Residents who were not low income and who occupied the buildings to be demolished were asked to relocate. Residents who did qualify as low income (earning under 50% of Area Median Income) were allowed to move over to 939 Iris.

The fifth building at 939 Iris has 24 units. Ten percent of these units have been set aside for chronically homeless individuals who would be referred by a behavioral health provider. This building will be maintained through 2010, after which time the County will consider whether this building should also be demolished. If this building is demolished, the County should take measures to insure that very low income and disabled individuals who currently reside on the premises can find alternative accommodation in a similarly located project with affordable rents.

### Program Description

The County is responsible for rent collection, facilities management and leasing issues. The County has maintained the same rental levels and service as were provided before County acquisition. The County continues to provide a high level of service and respond promptly to maintenance issues. Given the age of the structure and the amount of deferred maintenance, there have been numerous calls for maintenance. To date, the issues that have been most severe and costly have occurred in the buildings which have now been taken out of service.

### Management Options

With the help of its facilities contractor, the County will continue to manage the 24 units at 939 Iris. No other option is being considered at this point. The County does need to work with a behavioral health service provider who will refer chronically homeless clients to fill the reserved units. As was discussed in the Homelessness Prevention section, LifeLink of Santa Fe has teamed up with the Los Alamos Family Council on a grant application to the MFA which may provide housing assistance and behavioral health services for homeless and near-homeless individuals and families in the area. This program may assist the County in its effort to implement the chronic homelessness requirement for this property. The Los Alamos Family

Council is well positioned to provide referral and case management services to the County for the homeless housing set-aside at 939 Iris.

### Next Steps

County staff needs to create policies and procedures for the administration of the homeless housing program at 939 Iris.

### General Fiscal Impact

Zero financial impact is anticipated as existing County staff and contractors are performing apartment management services and rent revenue is covering all direct costs associated with outside vendor services.

## **HOUSING REHABILITATION**

### Review of Production Goal

The needs analysis indicated that approximately 341 homes need to be rehabilitated. This estimate was done on the basis of valuations and visual inspections; however, the true demand will be based on how attractive the program can be structured. Assuming that the program will start slowly and gain momentum after it gains community acceptance, the County should be able to achieve a production goal of 40 units over 3 years, for an average of approximately 10 to 15 per year.

The program is structured to serve owner-occupied households in four distinct income groups: extremely low income households earning under 30% of Area Median Income (AMI); very low income households earning between 30% and 50% of AMI; low income households earning between 50% and 80% of AMI and moderate income households earning between 80% of AMI as established by the Department of Housing and Urban Development, and 80% of the true median income of Los Alamos, which yields a 2009 income limit of \$94,400.

The financial incentives of the program will vary by income group, with the greatest amount of subsidy being given to the households with the lowest incomes. It is important that the County be allowed to provide some measure of subsidy, using its own funds, to households earning up to 80% of true median income. There is an approximate \$30,000 difference between the 80% AMI figure calculated by HUD and the true 80% of median. HUD has an obscure rule that limits its calculation of 80% of median to the lesser of the United States median family income and 0.8 times the true median. In higher income areas such as Los Alamos, the former calculation is used in HUD tables, rather than the latter.

Through this Plan and the accompanying ordinance, and the more detailed administrative policies and procedures and ordinance to follow, Los Alamos County formally requests of the MFA that it be allowed to provide a subsidy to the income group between the HUD 80% AMI figures and the true 80% of median income figures, as adjusted by household size.

### Program Description

Program participants will be able to make many improvements under this program, but one priority will be on energy and water conservation. Upgraded boilers and HVAC systems, window replacements, insulation, weatherization, eyebrows over south facing windows, solar hot water heaters, water recirculation pumps and low flow toilets all are examples of eligible improvements. In addition, obsolete or defective plumbing and electrical systems will be eligible, in addition to roofing and exterior siding, stucco, etc. Residential additions and interior remodeling which does not include energy conservation features and other green technology are eligible, but will receive a lower priority for funding than all of the other improvement categories cited above, with one exception. That exception is home safety modification for elders who want to maintain their independence and age in place. Examples of basic modifications include installation of ramps, grab bars, door widening for wheelchair accessibility, tub cuts and hand rails.

Households interested in participating in the program will fill out an application form which requires the applicant to state what improvements he proposes to do and state annual income and assets. There will be a formula for the imputation of assets into income. The purpose of the assets and income test is to determine income eligibility for the program and eligibility for the specific financial incentives which are available in the four tiers of income described above.

The under 30% of AMI category would be eligible for grants; the 30% to 50% of AMI group would be eligible for grants and deferred payment loans; the 50% to 80% category would qualify for deferred payment loans or substantial interest rate writedowns; the 80% HUD AMI to 80% of true median income would only qualify for interest rate writedowns in an amount attractive to a borrower, but still with less of a subsidy than the lower income categories could receive.

The amount of funds available in each category will be determined by the County's success in grant applications to the USDA Rural Development Service Program and the Mortgage Finance Authority house-to-house rehabilitation program, as well as the amount of money set aside by the County.

The County will work with the homeowner to develop cost estimates for the homeowner's desired improvements, develop specifications for the improvement project and a bid package which can be sent out to qualified contractors on a list created and maintained by the County. County program staff will assist the homeowner in reviewing bids once they are received and will offer a sample contract which can be modified by the homeowner or the homeowner's legal counsel. Program staff will review the work to insure that it is done properly and consistent with the project specifications, review contractors draw requests for accuracy and approve the final payment upon satisfactory completion of the entire project.

### Development and Funding Options

The USDA Rural Development Service housing rehabilitation program will be used for grants in the under 30% and 30% to 50% categories. The MFA house-to-house program will be used for deferred payment loans in the 30% to 50% and 50% to 80% categories. Conventional banks



and the Federal Home Loan Bank, through conventional banks, will be used to make loans for the 50% to 80% income group and the 80% HUD to true 80% category. County funds will be used exclusively for interest rate writedowns in these categories, with a sliding schedule of interest rate writedowns created to insure that lower income households get the greatest amount of interest rate writedown.

Other private funding sources will be explored, such as the New Mexico Housing Trust Fund, where loans with 30 year amortizations at rates of 1% - 5% per annum are made, provided that the clients are earning less than 80% of Area Median Income for ownership projects and less than 60% of Area Median Income for rental projects. The MFA mortgage securing such loans can be either in first position or second position.

The County will issue an RFP for loan underwriting services. The selected bank will make the loans, utilize the amount of money set aside by the County to writedown the interest rate, and will perform all loan underwriting and servicing functions.

#### Examples of Service Providers

Most housing rehabilitation programs are performed by local governments. These programs are not money makers; in fact, they are typically run at a deficit if staffed properly and if excessive program administration fees are not charged. There are three examples of non-profit programs that handle housing rehabilitation related programs in the area, Homewise, Inc. and Open Hands in Santa Fe and Los Amigos Weatherization Program in Santa Fe. The latter program deals exclusively with what is advertised in its title. Open Hands in Santa Fe deals with home modifications designed to allow its elder clientele to age in place. Homewise, Inc. offers similar programs to what are proposed here.

#### Management Options

The best option to manage the housing rehabilitation program is the County itself. Procurement of services is not an issue since the homeowner would be selecting the contractor. The County does not need to make money on this program as staff would administer this program along with other affordable housing program offerings. The objective of this program is to make it as attractive as possible to homeowners and provide additional affordable housing alternatives to new construction.

#### Next Steps

The County is working on a detailed administrative policies and procedures plan, and accompanying ordinance for the housing rehabilitation program. The County is seeking formal approval from the MFA for its proposed use of County funds to write down the interest on housing rehabilitation loans to the 80% AMI (HUD) to 80% of true median income group. Following Council and MFA approval of the administrative policies and procedures plan and ordinance, program implementation will begin.

### General Fiscal Impact

In anticipation that the housing rehabilitation program would be in operation during FY 2010, the County had budgeted \$250,000 for capitalization of the loan fund from which interest rate writedowns would be made and also budgeted \$65,000 for a contract housing rehabilitation construction specialist. In the forthcoming administrative policies and procedures plan, there will be estimates on the projected future requirements for additional capitalization of the loan fund. It is anticipated that the contract housing rehabilitation specialist would continue, although the fee paid would be on an hourly basis and the cost would not be fixed, but based on the actual volume of activity in the program.

## **AFFORDABLE SINGLE FAMILY DEVELOPMENT – COUNTY FINANCIAL INCENTIVES LAND DONATION/DISCOUNT AND COUNTY PROVISION OF INFRASTRUCTURE**

### Review of Production Goal

The needs analysis indicated an annual demand for 59 units priced under \$200,000. This demand estimate is based on an aggressive effort to market to the existing commuter population and the provision of housing products which can effectively compete with available housing in Espanola, Santa Fe, Pojoaque Valley and other popular residential areas of existing commuters. To determine unmet needs, the capacity of the existing housing market to satisfy the demand for housing in this price range was estimated. It was assumed that 75% of this demand could be served by existing housing on the market. Given the experience of Piñon Trails and a review of current available listings, this may be too optimistic an assumption, for if single family detached or duplex new construction can be delivered for under \$200,000, especially in the Townsite, such a product will likely outcompete other existing offerings on the market.

Nonetheless, an annual housing construction need of 15 units per year for units priced under \$200,000 has been estimated. Approximately one-half of these units are proposed to be provided at prices, after subsidy, of \$150,000 and one-half should be provided at subsidized prices between \$150,000 and \$200,000. The units under \$150,000 would be sold to households earning under 50% of AMI, as established by the Department of Housing and Urban Development (HUD) and the other 50% would be sold to households earning between 50% and 80% of AMI, according to HUD.

### Program Description

Given that current per square foot construction costs are approximately \$110 per square foot, a 1,250 square foot three bedroom home would cost approximately \$137,500 to build. This price does not include soft costs or landscaping and fencing cost. Based on recent experience, landscaping and fencing adds another \$4,000 to total cost, utility hookups add another \$1,500, builders risk insurance adds \$500, interest expense and draw fees total around \$2,300 and construction inspections add about \$700 to total cost. Adding this \$9,000 to the \$137,500

construction cost leaves no room for developed lot cost, or profit, or anything more than a nominal sales commission.

Consequently, in order to serve the below 50% AMI market and produce and sell a home below \$150,000, a developed lot must be donated to a non-profit builder. The County does have a limited number of lots and small developed tracts available which could be used for scattered-site affordable housing. Implementation of such a program may not address the entire annual need for affordable homeownership housing, but it can play a part.

The 50% to 80% AMI market can be served by delivering homes at prices between \$150,000 and \$200,000. Assuming the same construction costs, and assuming a finished lot cost (not value) of approximately \$50,000, no discount from lot cost would be needed to serve the high point of the \$150,000 to \$200,000 range. However, to reach close to \$150,000, substantial price discounts would need to be provided to enable lower income households to afford the purchase.

In order to meet the affordable housing demand for homeownership over a sustained period of time, the County will need more land than presently exists in its scattered site inventory. It will need to utilize the land transfer tracts that are available for housing in White Rock and at the Trinity Redevelopment Area. One option for providing affordable housing on these land transfer tracts is to take a regulatory approach and demand that the purchaser of the property create a specified number of affordable housing units as a condition of purchase. This regulatory approach is referred to as inclusionary zoning and is discussed next in this Plan.

The remainder of this section addresses the possibility that private sector developers may be unable or unwilling to purchase the entire land transfer tracts and construct the major (spine) infrastructure. If such a scenario were to occur, then there would be no developed land for the County and its development partner to donate/discount for affordable homeownership.

In such a circumstance, the County would need to consider taking on a larger role in land development and preparing tracts for sale. Just as communities in the 1950s, 1960s and early 1970s extended spine infrastructure into outlying areas, thereby opening up those areas for development, the County could perform site development on the land transfer tracts. In such a scenario, the County would not create finished lots, rather it would create smaller tracts, making it much easier for builders to acquire manageable parcels that would be easier to finance, acquire and develop.

To insure that the development on the smaller tracts would be coordinated, a master development plan would be created under the auspices of the County. This master plan would guide the development of individual parcels created within a land transfer tract. If the County chose to designate specific parcels for affordable housing, it could do so. In the alternative, it could cause mixed income parcels to be created and require development of such parcels to require a stipulated number (or percentage) of affordable homes.

#### Development, Funding and Management Options

Although local government is ill-suited to build affordable housing, given the constraints of its procurement process, liability exposure and other constraints, it has historically played a role in

constructing and maintaining infrastructure. Ideally, for-profit developers would acquire land and install infrastructure in tracts upon which it would build housing. However, given the size of the land transfer tracts, private developers may be unwilling or unable to incur the upfront cost and debt of land acquisition and site development for the entire tract. If this occurs, local government could play a role in master-planning the site and installing the spine infrastructure. This upfront expense would then be added to the cost of the land and recovered when the developer acquired individual parcels.

Smaller builder/developers would find it much easier to acquire land, develop lots and construct houses on smaller parcels. It is recommended that where possible, smaller tracts be donated or sold at a discount directly to a non-profit affordable housing provider such as the Los Alamos Housing Partnership, Inc. or Habitat for Humanity – Espanola Valley and Los Alamos to fulfill affordable housing requirements, rather than sold to a for-profit builder with a requirement to provide a designated percentage of affordable housing.

Similarly, in those situations where the County owns developed lots that it wishes to donate or offer at a discount price for affordable housing, then those lots should be donated/sold directly to a local non-profit affordable housing provider such as Los Alamos Housing Partnership, Inc. or Habitat for Humanity Espanola Valley and Los Alamos. Another alternative affordable housing provider is a public housing authority that can be created, however, the housing authority's niche may be better suited to the development, ownership and management of special needs and rental housing, rather than ownership housing.

Both the LAHP and Habitat are experienced in the financing, construction and sale of affordable single family housing to income qualified buyers, and in the administration of long-term affordability controls on subsidized homes. The LAHP, in particular, has a track record of larger scale developments, and is experienced in administering the affordability controls which accompany the sales of subsidized homeownership property.

### Next Steps

The County should complete an inventory of scattered sites which have all services available and should make a recommendation to Council on which of these sites are excess properties. For those sites that are determined to be excess, and for which affordable housing could be easily developed and would constitute a compatible use with adjacent neighborhoods, staff should recommend to Council that such lots be donated or sold at a discount to a non-profit affordable housing provider. The donation or discount would be predicated on the income group that the non-profit agreed to serve, with donations reserved to the under 50% AMI category and discounts targeted to the 50% to 80% AMI income group. Another prerequisite for granting the donations and discounts would be the organization's agreement to administer long term affordability controls on the subsidized property.

If the County finds it difficult to sell the land transfer tracts in their entirety to a particular developer, then it should consider preparing a masterplan for the tracts, providing spine infrastructure and creating a number of sub-tracts that could then be individually marketed to smaller builder/developers, including affordable housing providers such as LAHP and Habitat for

Humanity. If this approach is determined to have merit, then a pro-forma financial plan should be created as part of the masterplan which would indicate what the upfront development cost would be and how this cost would be recovered through land sales.

### General Fiscal Impact

If the County chooses to donate or discount the sale of land for affordable housing, it would be losing the land value which could be recognized upon sale. Other than the loss of the value of the asset, there would be no financial impact from a land donation/discount program. If the County chooses to masterplan a land transfer parcel and install spine infrastructure, then these costs would be direct expenditures of the County and would represent a substantial fiscal impact. However, the County would add these costs to the basis of the land, with the intent to recover all costs upon sale of the improved property to private builders. The exception to this objective would be when land is donated/discounted to a provider of affordable housing.

## **AFFORDABLE SINGLE FAMILY DEVELOPMENT - REGULATORY INCENTIVES INCLUSIONARY AND INNOVATIVE ZONING, BUILDING PERMIT FEE WAIVER, ETC**

### Description of Existing Regulatory Incentive Programs

Apart from providing financial incentives for affordable housing development such as land donation and spine infrastructure provision on large land tracts, there are many other regulatory incentives that the County provides to builders/developers that would facilitate the development of affordable housing.

As evidenced in the Piñon Trails mixed-income development, the County waives all building fees for affordable homes. This waiver amounts to approximately \$1,000 to \$1,400 per unit. In addition to the fee waiver, the County administers an expedited permitting process, which is standard for all developments. The typical times for processing and approval of subdivisions and rezoning in Los Alamos ranges from four to six months. Residential building permits for new construction are routinely processed and approved within fifteen days of receipt of an application.

In contrast to other New Mexico jurisdictions, Los Alamos does not charge impact fees or development exactions which require a developer to provide off-site infrastructure or capacity upgrades to an existing system. The County underwrites the cost of off-site utility extensions.

Within developed areas, the County Code provides an incentive for the creation of affordable accessory apartments on an existing lot. Accessory units up to 650 square feet in size are allowed by Code. These units would be rentals, designed to meet the special housing needs of single persons and couples, including those of low and moderate income, in addition to meeting the needs of relatives of the property owner.

A second mechanism to promote affordability within developed areas is the lot split. At present, its use is limited given the requirements in the development code for minimum lot size and

minimum frontage on a public street. At some point in the future, the development code will be modified and the role of lot splits in promoting housing affordability may be evaluated during this time.

Through the recent approval of its innovative planned development zoning districts, the County now offers a tool to developers to remove many of the typical zoning obstacles to affordable development such as minimum lot size, minimum lot frontage, allowable mix of residential product types and more. New development on the land transfer tracts will be utilizing the planned development zoning district designation.

Another regulatory incentive that the County provides relates to the proposed housing rehabilitation program. Many property owners are expected to take advantage of the financial incentives to be offered in this program, provided that they are not required to correct all code violations as part of the initial rehabilitation work. Many times, requiring the entire structure to be brought up to code as a condition of providing financial assistance for the initial rehabilitation work discourages any rehabilitation from being performed. In order to incentivize housing rehabilitation to be performed, the County will not require the entire structure to be brought up to code as a condition for granting the assistance, with the belief that the upgrades can be done in phases.

#### Description of Inclusionary Zoning Requirement for Land Transfer Tracts

An alternate approach to providing incentives for affordable housing, including donated or discounted land, infrastructure, fee waivers, etc. is to require that all new residential subdivisions would set aside a percentage of total residential units for affordable housing. This regulatory approach to providing affordable housing is referred to as inclusionary zoning. Although this requirement is not currently mandated for privately held tracts in the County, it is applied to the land transfer tracts which will have a residential component. These include tract A-19a in White Rock and the land transfer tracts in the Trinity Redevelopment Area.

A fundamental premise of inclusionary zoning is that the developer actually provides a subsidy for the affordable units, over and above any subsidy which may be provided by public sources. This subsidy is funded from the profits earned on the sale of market rate units. In essence, there is a cross-subsidy between the market units and the affordable units. Depending upon the level of subsidy to be provided and level of affordability to be achieved, the affordable units may lose money when sold. This loss would be compensated by the profits earned on the sale of the market rate units.

A typical for-profit developer has difficulty embracing this premise of inclusionary zoning, as the prospect of selling any house for a loss is a difficult concept. Success of an inclusionary zoning program also presumes that the upper-end housing market is vibrant and that there is a significant margin between upper-end sales price and production cost. There must be profits which can be used to cross-subsidize the affordable component of the project for inclusionary zoning to work.

The development of Piñon Trails by the LAHP provided an example of how the inclusionary zoning concept can work. Approximately \$30,000 of the cost of a developed affordable lot was shifted to a market rate lot. As a non-profit developer, LAHP did not require a 10% profit margin on the sale of a house; its profit margin was zero. As a developer with little overhead, the LAHP had lower costs to begin with than is typical for a for-profit developer. The combination of these three factors: cross-subsidy between market rate and affordable, foregone profit and lower overhead cost, provided the average \$62,000 subsidy provided on 60 homes within Piñon Trails.

As has been demonstrated in a previous section of this report, the market for homes priced \$300,000 and over is less active than what had been the case several years ago. If this situation persists, the ability of a for-profit developer to cross-subsidize between its higher end offerings and the affordable homes will be more limited. In recognition of current market realities, the County may need to consider adjusting its affordable housing targets for land transfer tracts, currently set at 30% of the total number of residential units provided. Included in this exercise would be a detailed determination of the income groups which should be served by this affordable housing.

#### Next Steps

In light of the current real estate market and the current affordable housing needs among various income groups, staff should reevaluate its current 30% affordable housing target for the land transfer tracts, based on realistic development pro-formas. Recommendations would be made on the following items: housing type (attached, detached, fee simple or condo); housing tenure (rental or ownership); number of bedrooms and baths, square footage, product specifications, maximum price and mechanisms for affordability controls. Within the overall affordable housing target, there should be recommendations made on the percentage of units that should be made available to specific income categories under the 80% of AMI.

#### General Fiscal Impact

There is no cost to the County from making code changes which facilitate affordable housing. Likewise, there is no fiscal impact involved in requiring a developer to provide affordable housing as a condition of approval. Building permit fee waivers do have a direct fiscal impact in the amount of the foregone fee revenue.

### **EXPANSION OF LOCAL CAPACITY ASSISTANCE INCLUDING HOMEBUYER TRAINING**

#### Description of Homebuyer Training Program

Promoting affordable homeownership isn't merely about building an inexpensive home or creating a low interest financing package. Education of prospective homebuyers on the possibilities and mechanics of home purchase is a key component to an affordable housing program. Homebuyer counseling can increase the capacity of households to build long term equity in a home and lower their housing cost burden.

A good homebuyer training curriculum has numerous steps. First, the trainer needs to identify steps in the homebuying process, help clients to evaluate the benefits and challenges of homeownership as well as aid in the understanding of the language used in the homebuying process. The goal is to help clients determine whether they are ready for homeownership. Second, the counselor takes the clients through a budgeting process, where spending patterns are recognized and individuals are trained to create a budget and a savings plan for downpayment.

Third, the counselor identifies for the client various types of credit, illustrates the importance of credit history in qualifying for a mortgage loan and works with the individuals to develop a plan for raising credit scores, if needed. Next, the counselor walks the prospective buyer through the home purchase process and helps them understand the components of a purchase and sales agreement.

The fifth step in the homebuyer training process involves education on getting a home loan. The various types of home loans are described, including a discussion of conventional home loans and loans through organizations such as MFA, USDA Rural Development Service and others. Included in this discussion is a description of predatory loan practices. The counselor also describes the closing process, including a description of all of the many steps and costs involved in this process. Finally, sessions on how to protect this recently purchased asset are held. Topics included are home maintenance responsibilities, how to procure homeowners insurance and foreclosure prevention.

#### Description of Rental Voucher Program and Assistance to Persons with Disabilities

Not everyone that lives in Los Alamos works at LANL. There are numerous households who work in hourly jobs in the retail and service sectors and who find it difficult to afford rent payments without taking on a housing cost burden which is unmanageable. Many times, a job loss or a reduction in the number of hours worked can become a financial disaster for a household. The availability of rental vouchers or other emergency rental assistance to provide a bridge for vulnerable working families is an important resource to have available in a local affordable housing program. The mechanics of how this voucher program works now and could be expanded to work in the future is described earlier in this Section 7.

As was described earlier in this document, there are a substantial number of Los Alamos residents reporting disabilities. In the 2000 Census, 1,935 individuals reported having a disability, defined as a “physical or mental impairment that substantially limits one or more major life activities”. From review of information contained in Section 8 rental voucher applications, it is fair to assume that a significant number of disabled individuals are lower income and would be in need of, and qualify for rental voucher assistance.

Many of these disabled individuals are unaware of the existence of a rental voucher program and that they may qualify for such assistance. It is important to have educational information available that describes the program, income qualifications, application process and other programmatic aspects. This can be done by creating a website and/or by having information



available at an office in the community, so that it is convenient for potential clients to stop by and pick up information.

### Options for Service Delivery

In order to better stabilize the housing situations of disabled and lower income households, homebuyer training programs, rental voucher programs and emergency housing assistance programs need to be available to serve local residents. Currently, there is no consistent program for offering homebuyer training classes in Los Alamos similar to what is offered in Santa Fe and Espanola by two local non-profit organizations, Homewise. and The Housing Trust of Santa Fe.

Although the demand for such classes would be lower in Los Alamos than it is in Santa Fe, it would still be valuable for a local organization to build the capacity sufficient to offer homebuyer training classes on a regular schedule. Along with the classes, such an organization could offer information on topics that are covered as part of the homebuyer training class. Ideally, the local organization would advertise the availability of the classes and the information to stimulate awareness and usage. With a local office, it would be much more convenient for prospective clients in Los Alamos to attend homebuyer training classes typically held in the evening or on the weekend.

Local options for the delivery of these services include the Los Alamos Housing Partnership, Inc., a newly created local housing authority and Self-Help, Inc. All of these options would require resources and capacity building in order to effectively deliver these services. There are other non-local, but regional options with existing capacity to administer this type of program such as Santa Fe Civic Housing Authority, Santa Fe County Housing Authority, Homewise and The Housing Trust.

Similarly, there are multiple options for administration of the rental voucher program, emergency housing assistance and other housing assistance to persons with disabilities. Locally, Self-Help, Inc. administers emergency housing assistance programs in Los Alamos and Rio Arriba County. A Santa Fe-based group, Lifelink, administers an emergency housing assistance program under the Homeless Prevention and Rapid Re-Housing Program. Lifelink administers this program over a multi-county area in northern New Mexico. Santa Fe Civic Housing Authority, also based in Santa Fe, administers the Section 8 rental voucher program for Los Alamos County and all other counties previously within the service area of the Region II Housing Authority. In order to access Santa Fe Civic Housing authority services, one usually has to travel to their field office in Espanola.

Neither Santa Fe Civic nor Lifelink operates an outreach program in Los Alamos that is designed to educate and inform the local population about available services under the programs that it administers. Such an outreach program would best be done by a locally-based organization. Local service delivery options include non-profits such as Self-Help and Los Alamos Housing Partnership, the County government or a newly created local housing authority.

### General Fiscal Impact

County financial assistance may be sought for program administration costs if the program is not operated by the County. At present, County staff does perform this function as part of its work program, although the availability of these services could be better advertised and utilized to a greater extent.

## **CONSIDERATION OF OTHER RELATED ISSUES IN AFFORDABLE HOUSING DEVELOPMENT**

### Public Participation

Public participation is an integral part of all Los Alamos County planning and development projects, including affordable housing developments, Los Alamos County creates a Public Information and Involvement Plan (PIIP), the purpose of which is to inform, educate and involve the public about the project. A PIIP describes the methods by which the public will be brought into the planning process. In previous County planning projects, project websites have been created which serve as a source of news updates on the project and which allow citizens the opportunity to pose questions on particular issues and get responses from the project manager and/or consulting team. In addition to this tool, the project manager for a typical planning/development project will hold public meetings at key stages of the project in order to communicate information and solicit feedback from the public. Notices of upcoming public meetings are provided in the newspaper, radio, and through distribution of flyers throughout the community.

### Jobs/Housing Mix

It is widely recognized in Los Alamos that the jobs/housing mix in the community is not in balance and that the local economy would be better served through the implementation of local workforce housing programs which expand housing choice. To illustrate the relationship between employment and population in Los Alamos, data was utilized from the Bureau of Economic Analysis and the U.S. Census Bureau. According to the Bureau of Economic Analysis, total employment in Los Alamos was 21,226 for the year 2007. In comparison, the July 1, 2007 population estimate for Los Alamos County was 18,497. Comparing these two numbers, the employment/population ratio was 1.15. This is an extremely high number.

In comparison, the 2007 employment/population ratio for the State of New Mexico was 0.56, less than 50% of the Los Alamos ratio. For the surrounding counties, Rio Arriba had a ratio of 0.44; San Miguel County - 0.47; Taos County - 0.61; Santa Fe County - 0.67 and Sandoval County – 0.36. All of these counties, and Santa Fe County and Rio Arriba County in particular, serve as residential areas for the Los Alamos County workforce.

### Consistency with Existing Planning and Land Use Policy

Affordable housing planning in Los Alamos County is linked with comprehensive planning, land use policy and economic development planning. For instance, the Economic Vitality Action Plan, which represents Los Alamos' economic planning document, cites as one of its four main goals the following: "Increase the availability of housing in the County, both affordable and at market rate". This affordable housing plan, when approved, will be approved as an element of the Los Alamos Comprehensive Plan. Land use policy in Los Alamos County has been changed to make it easier to provide affordable housing. This is apparent by reviewing the recent planned unit development ordinance which allows for different styles and densities of housing to be built within one overlay zone. The new downtown overlay zones also allow for residential units to be built as part of a high density commercial development project. Allowing higher density is an incentive to building affordable housing.

### Promotion of Efficient Development Patterns and Protection of Ecological Resources

Encouraging infill development and new subdivisions with efficient development patterns works to protect valuable ecological resources. Given the shortage of land in Los Alamos, the County recognizes the value of compact development. Two of the more recent, larger subdivisions have what can be described as efficient development patterns. The Piñon Trails development is one such example of a successful mixed-income, infill development developed at higher density than typical. The Quemazon subdivision was planned by renowned architect Stefanos Polyzoides and was developed using a "new urbanist" design philosophy.

### Green Building

The County has adopted an environmental sustainability initiative which, among other things, promotes green building in new residential, commercial and institutional buildings in Los Alamos. The planned housing rehabilitation program will feature energy conservation projects as one of its priorities for funding. New institutional projects are encouraged to seek LEED certification. New residential projects are encouraged to achieve EPA "Energy Star" certification.