

CITY OF ALBUQUERQUE

# Housing Forward ABQ

Background Research and Information Report

## **Contact Information**

E. housingforward@cabq.gov

W. cabq.gov/housing-forward-abq

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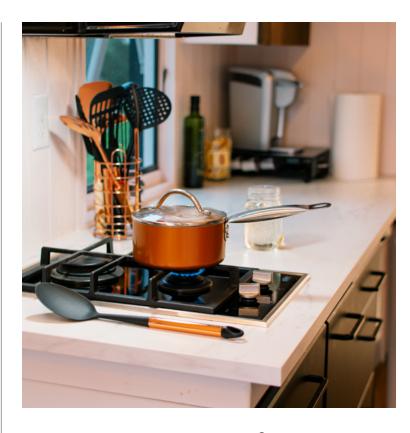
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## Introduction

Albuquerque residents know that we are in the midst of a housing crisis. We can measure this housing crisis not only by the number of unhoused people on the streets but also by the skyrocketing price of rents and bidding wars for even relatively small homes.

The number of people living on Albuquerque's streets has increased compared with the rest of the state.¹ The average rent has risen beyond what most can afford, having increased between 2021 and 2022 to \$1235,² an average increase of 16.76%,³ and so has the average price of a home.

Albuquerque has a population that is young and becoming younger,<sup>4</sup> more diverse racially and ethnically, even though the largest percentage of homeowners is older and Anglo.<sup>5</sup> Albuquerque's population increasingly will demand a livable lifestyle—that is, located near work, entertainment and shopping—rather than one in which hours per day are spent in cars on highways.

Our problem does not stem from demand for housing from people moving from other states to Albuquerque, though it may become so as major employers ramp up staffing. Our problem is one built over decades and circumstances that do not favor matching Burqueños with stable, affordable homes.

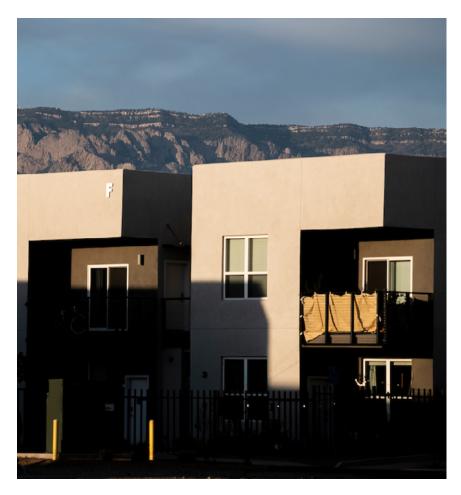
Even if Albuquerque's unhoused population drops by a third—as some

suggest it has statewide—Albuquerque fails if the remaining two-thirds live with no rooves over their heads. Even if rent price increases slowly, we know it's not possible to build a healthy city if renters are one paycheck away from living without housing. Even if home prices level out, we know our residents want permanent homes that they can afford on an average income.

In 2022, the City of Albuquerque spent \$34.1 million on services for people without homes, according to the Department of Family and Community Services.<sup>6</sup> The City will open the Gateway Center to help transition people to housing by providing needed wraparound supports such as shelter, housing navigation, medical respite, and addiction services.

The City commissioned an Urban Institute study in 2019<sup>7</sup> on the need for affordable housing and has included results and findings in its planning for Housing Forward ABQ, a program aimed at addressing Albuquerque's housing crisis.

What has emerged clearly from experience, research and reports is that Albuquerque needs a bold strategy to grapple with its housing crisis and to emerge with a vision for improving the housing situation into the future.



We need a vision that is comprehensive, that addresses the scale of the problem, that helps us with immediate solutions while setting a path to a more diverse, inclusive and equitable Albuquerque down the road.

## **HOUSING FORWARD ABQ**

Housing Forward ABQ is shaping Albuquerque's future, a goal to create 5000 new units of housing by 2025.

## It focuses on:

- Converting motel and hotels and commercial office spaces to new homes;
- Promoting development of "accessory dwelling units" (ADUs) or "casitas" as we know them locally, in

established residential areas;

- Encouraging development of more mixed-income and market-rate housing, expanding the "missing middle" sector of rentals and owned homes;
- Increasing tenant protections to promote housing access and encourage owners to set affordable rental rates and fees; and
- Expanding and training a robust housing workforce capable of building the new housing Albuquerque will need going forward.

Although Housing Forward ABQ cannot, by itself, meet Albuquerque's entire demand for housing over the



next several years, it can catalyze the development of varying housing types to meet the demands from all segments of the community.

Over the past several months, City officials have consulted with community members, housing industry leaders, housing providers, and researchers to investigate effective ways to increase housing access and supply.

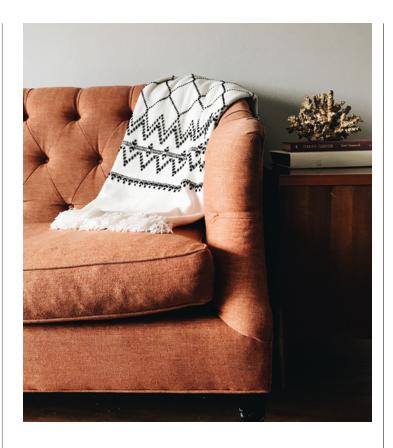
We've read widely, engaged with experts, and studied results elsewhere in the country. Housing Forward ABQ is designed to offer solutions to the housing crisis we see in Albuquerque.

## **THE NEED**

Nationally, between 2010 and 2020, housing completions for single-family and multifamily housing were behind by 6.3 million units compared to the level of housing demand arising from household formation or replacement.8

The median home price-to-income ratio was at an all-time high in 2021, with the median sales price for existing homes last year at 5.3 times the median household income—well above the 4.6 ratio in 2020 and a notable increase from the previous peak of 4.9 in 2005.9

Due to lack of supply, rental housing



has become increasingly unaffordable especially for low-income households. In almost every state, low-income households (earning less than 80% of the median household income) typically spent more than 30% of income on rent in 2019.<sup>10</sup>

Rental housing has become more expensive. In 2020, 22.7% of multifamily rental units rented for over \$2,000 per month, compared to just 12.3% in 2017.<sup>11</sup> Nearly half of Albuquerque renters are "cost-burdened," meaning they spend over 30% of their income on housing.<sup>12</sup> The City of Albuquerque estimates a need for 15,500 new affordable housing units to meet the needs of that population.

The City has an interest in preventing renters from being evicted. Protecting access to

affordable housing is necessary even for those who currently have a roof over their heads, since state law requires landlords<sup>13</sup> to give only 30 days' notice of eviction.

In response to pressures on renters, the City has taken several protective steps and is working with state legislators to include more protections.

Ultimately, however,
Albuquerque will confront the problem of finding trained residential construction workers and the businesses that support them. For that reason, Housing Forward ABQ is working with small businesses, community colleges, apprenticeship programs, and high schools to build a bench of construction workers for traditional housing while keeping the doors open for innovative solutions.<sup>14</sup>





Albuquerque families feel and see the housing crisis every day. The Housing Forward ABQ initiative lays out a bold course of action to lower prices, break down barriers to access, and create urgently-needed housing for our city.

Housing can't wait. This is about the security and prosperity of our families, and ensuring they have a place in the city we call home.

-Mayor Tim Keller,



Motel/Hotel Conversions

By the year 2025, Housing Forward ABQ aims to create 1000 new residences in Albuquerque from motel/hotel conversions. Adapting motels and hotels into new housing can improve access for low and-moderate income residents, including those who are experiencing homelessness.

Conversions can be completed relatively quickly, as the State of California has demonstrated by creating 12,500 new homes over a span of two years—the fastest expansion of supportive housing in modern state history, according to the Terner Center for Housing Innovation at the University of California at Berkeley.<sup>15</sup>

Compared with building new construction from the ground up, converting existing structures that have a roof, walls, foundation and plumbing is also generally comparatively inexpensive.<sup>16</sup>

**Left (and next page):** Views from the new and improved Luna Lodge in Albuquerque offers 30 affordable units for rent.

## EXPANDING NUISANCE ABATEMENT

In addition, focusing on motel/hotel conversions can continue to help the City clean up nuisance properties,<sup>17</sup> an effort that has worked well on East Central beginning with the conversion of the 1949 Luna Lodge from a derelict, crime-ridden flophouse into 30 low-income apartments and housing for persons with disabilities.<sup>18</sup>

Motel/hotel conversions can also support efforts of motel/hotel-owners struggling with low occupancy rates. Although the lodging industry seems to be rebounding from the pandemic, challenges to occupancy remain. Hotels hit a low point of 44% occupancy in 2020. The hotel industry eclipsed the losses after the great recession of 2008-09 with 1 billion unsold room nights,19 and short-term rental inquiries for long-term stays over 28 nights increased by 50% in 2020 compared to 2019.20 Rather than closing altogether, motel/hotels in some locales have converted to permanent housing.21

Between 2018 and 2020, an estimated 60% of motel/hotel conversion projects nationally were dedicated to multi-family, workforce or veteran housing; 11% for senior housing or assisted living, but only 12% for housing the unhoused. Rent was 100% below-market rates in approximately 65% of such conversions, and private investors were the primary source of funding, according to the National Association of Realtors (NAR).<sup>22</sup> Success in converting motel/hotel spaces as emergency treatment reminded planners of a form of







housing once common in the United States: no-frills, one-person rooms that offer privacy and a place for storage, available for people without resources for a single-family home. Until the 1970s, "SRO" (Single Resident Occupancy) rooms housed millions of Americans, but by some estimates more than a million SROs disappeared by the 1990s,<sup>23</sup> as suburban zoning prohibited multifamily housing.

Studies have confirmed that, with zoning that allows for the conversions, ample funding and a trained workforce, such conversions can quickly provide housing and help get people off the streets.<sup>24</sup>

Further, providing supportive housing in motel/hotel conversions for persons formerly on the streets has been shown as a good investment.

Studies indicate that providing housing costs half as much as treating medical needs of persons who live on the streets.<sup>25</sup> This is so because people struggling with homelessness often are frequent users of emergency medical

services, and homelessness causes health problems, including higher rates of chronic health problems that could be better treated with preventive care.

Providing social services at converted motel/hotel sites can improve the health, prospects and well-being outcomes of residents, as formerly homeless residents experience less interpersonal conflict, decrease emergency 911 call volume and increasingly exit to permanent housing.

The root of these positive results is the "designated personal space" (private bed and bath), security procedures designed to keep guests safe, consistent access to food, consistent storage of personal belongings, and increased time and autonomy associated with 24/7 shelter access.<sup>26</sup> Permanent housing leads to improved health outcomes, and potentially to leaving life on the streets behind in favor of more potentially healthful accommodations.

State-share Medicaid funds can be used to pay for housing-based services,

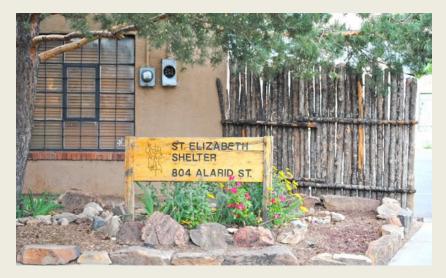


**Above:** Views from the Sundowner Apartments in Albuquerque offers 61 affordable units for rent for low-income residents.

tenant clinics and other forms of service delivery associated with the needs of supported housing tenants.<sup>27</sup>

Critically, stability in housing bolsters child development. A motel/hotel conversion can improve a whole neighborhood. With Housing Forward ABQ, motel/hotel conversions will take top priority.





CASE STUDIES

# SUCCESSFUL MOTEL/HOTEL CONVERSIONS

## ST. ELIZABETH'S SHELTER (SANTA FE)

The Santa Fe partnership with St. Elizabeth's Shelter saw the conversion of Santa Fe Suites Hotel—through a partnership with the nonprofit Community Solutions and private partners.

The motel/hotel was converted to a mix of permanent supportive and market-rate housing.¹ St. Elizabeth's Shelter has been managing and providing services since 2020 and will eventually take over ownership of the 122-room property.

Since its inception in December 2019, the Santa Fe Suites has become home to more than 120 individuals in need of permanent housing. Individuals who are formerly homeless or precariously housed use vouchers or other rental assistance for housing in 2/3 of the units; unsubsidized units below market rate support others including households receiving Section 8 subsidies; other residents include seniors on fixed incomes, and preference is given to veterans in need of permanent housing.

## **HOMEKEY (ORANGE COUNTY, CA)**

California has already spent a historic \$3.75 billion on motel/hotel conversions through its Homekey program, which focuses on purchase and rehabilitation of hotels, motel/hotels and vacant apartments.<sup>2</sup> After only the first tranche of Homekey funding, 40% of properties moved from acquisitions to rehab to permanent occupancy within six months.<sup>3</sup>

The Orange County Housing Finance Trust with Orange County and various Orange County cities committed to creating 2,700 permanent supportive housing units by June 30, 2025, and progress of the conversions can be tracked on the website here.

In May 2022, 34% of the properties were funded; 28%, complete; 29% under construction; 9%, in the process of closing loans.

In Anaheim, a county-funded Homekey project converted 32 rooms at the blighted Tampico Hotel in the East Terrace neighborhood. In Los Angeles funding of \$13.8 million converted a 40-room housing facility located in the heart of the **Left:** St. Elizabeth Shelter in Santa Fe, New Mexico.

Boyle Heights neighborhood to interim housing for youth at-risk of homelessness.

The Homekey program also converted a 21-unit shipping container to housing for veterans in Merced for \$4.2 million, and Culver City, with \$25.5 million, converted two side-by-side 76-room units for permanent and interim supportive housing, including a library.

## **ROOF ABOVE (CHARLOTTE, NC)**

North Carolina invested in a public-private partnership led by the nonprofit, "Roof Above," in Charlotte, NC, and turned an 88-unit motel/ hotel into a home for 66 persons who had been chronically homeless. Now called the "SECU The Rise on Clanton," the conversion of the former Quality Inn cost \$13 million, including \$2 million from the City of Charlotte and \$2 million from the State Employees Credit Union, for which the project is named.

The Inn served as an emergency non-congregate shelter during the winter before renovations were begun in May 2021 for conversion to permanent supportive housing, as part of the organization's commitment to create 150 new units.<sup>4</sup>

#### RESOURCES (FOR CASE STUDIES)

- 1. For more information, see <a href="https://s3santafehousinginitiative.org/santa-fe-suites/">https://s3santafehousinginitiative.org/santa-fe-suites/</a>.
- 2. See <a href="https://www.gov.ca.gov/2022/05/10/governor-newsom-bolsters-homekey-funding-by-150-million-as-state-reaches-milestone-of-10000-new-homeless-housing-units/">https://www.gov.ca.gov/2022/05/10/governor-newsom-bolsters-homekey-funding-by-150-million-as-state-reaches-milestone-of-10000-new-homeless-housing-units/</a>.
- 3. See https://ternercenter.berkeley.edu/wp-content/uploads/2022/03/Homekey-Lessons-Learned-Final-March-2022.pdf.
- 4. For more information, see <a href="https://www.charlotteobserver.com/news/local/article264107546.html#storylink=cpy.">https://www.charlotteobserver.com/news/local/article264107546.html#storylink=cpy.</a>



## **Office Conversions**

Because so many businesses in commercial office spaces sent people home during the pandemic, increasing numbers of offices are vacant, and many have not been repopulated. According to one estimate, about 75% of U.S. metro areas have office vacancy rates that increased from the start of the pandemic through the third quarter of 2022.<sup>28</sup>

Given uncertainty that these spaces will bounce back soon—or ever—as more people and firms pursue work-from-home options, local policymakers are promoting the idea of converting office/commercial properties into housing.

Even though the high ceilings and other structural amenities of commercial office space can make for attractive, even luxurious housing, requirements for ventilation, plumbing and light typically can make conversions of office spaces to dwellings prohibitively expensive. An office conversion may require significant alterations to achieve compliance with minimum standards for housing, and such alterations can be expensive.

Converting an office is more expensive than converting a motel/hotel or hotel because offices were not designed as residential properties.<sup>29</sup>

These conversions should be pursued as part of a more general plan to promote both affordable and market rate housing development in cities. Some developers nationally have called for state or municipal support to encourage office conversions.<sup>30</sup>



CASE STUDIES

## SUCCESSFUL OFFICE CONVERSIONS

## NATIONAL ASSOCIATION OF REALTORS (LOS ANGELES)

The National Association of Realtors (NAR) studied office-to-housing conversions in the 27 markets that experienced the greatest increases in office vacancy rates between the start of the pandemic (first quarter of 2020) and October 2021, and found that in the 22 markets most affected by the pandemic, approximately 45,000 new housing units, or 6% of new housing starts could come from office conversions, led most recently by Los Angeles in Cleveland, OH.<sup>1</sup>

Converting older commercial buildings to housing has proved successful in at least ten major U.S. cities. According to a report dating from 2020 by RentCafe.com,<sup>2</sup> 41% of 32,00 apartments will be converted from office spaces by the end of

2022. Philadelphia has converted 1,863 spaces for apartments; Washington, D.C., 1,762; Cleveland OH, 1,179, and Chicago and Los Angeles have converted more than 1,000 each.

Unlike in many comparable cities, the office vacancy rate in Albuquerque declined 43% between 2020 and 2022,<sup>3</sup> and currently stands at 5.9% according to the NAR, placing it 43<sup>rd</sup> on a list of 139 cities analyzed. With commercial vacancies low, fewer incentives exist for converting offices to housing. However, the success of the luxury office and condominium conversion of Albuquerque's First National Bank, the City's first "skyscraper" built in 1921 at Second Street and Central Avenue, demonstrates the potential.

The University of California's Berkley

**All:** An example of office conversions in California.

Campus' Terner Center studied conversions on land zoned as office or retail, in California's four largest metro areas (Los Angeles-Long Beach; San Jose-San Francisco-Oakland; San Diego-Carlsbad; Sacramento-Roseville), and found that between 2014 and 2019, 38,000 commercial properties were converted to housing. The Los Angeles region contributed the largest share with 28,000 conversions, compared to San Francisco's 9,300. The contribution of these conversions to overall housing growth in each region was 13.8% in Los Angeles, 8.5% in San



Francisco, 2.0% in San Diego, and 0.6% in Sacramento.<sup>4</sup> Los Angeles County was particularly successful in converting commercial properties to housing.

Almost 31% of new housing in Los Angeles County was built on land previously designated as commercial, a percentage that far outstripped all other counties included in the Terner Center's analysis.<sup>5</sup>

The report's authors attribute this success to the city and county of Los Angeles's policies of explicitly allowing residential development, especially multi-family dwellings, on commercial properties. In locations that specifically allowed for residential development on commercially zoned land, the rate of conversions was double that of locations that did not allow it.

Housing Forward ABQ proposed IDO amendments would make motel/ hotel and office conversions easier by allowing alternative kitchen requirements, which adds flexibility for the size of each unit.

An analysis by Gensler Research and Analytics of 300 buildings in North America found that only 30% were suitable for conversions to housing. Neighborhood environment and location, building type and floor plan size all figured into determining whether a property was considered a good candidate for conversion. However, they did note that older, underutilized buildings with tall ceilings may be prime candidates for housing conversions.<sup>8</sup>

Adaptive reuse (AR) projects are often assumed to be cheaper to produce than new construction, but that's not always the case.

Moreover, AR projects whose goal is to include affordable housing, often require local subsidies and use of Low-Income Housing Tax Credits.<sup>9</sup> Density and greater building heights are often linked to lower costs and more units produced, but often commercial rents command a higher price than rents from housing.<sup>10</sup>

A brief prepared by the Rand Corporation on Los Angeles's AR policy reinforces many of these observations:<sup>11</sup> Rand projected that between 72,000 and 113,000 new units of housing could be constructed in Los Angeles County through office space conversions. While this appears substantial, it would only represent 9-14% of the county's 2029 housing goals.<sup>12</sup>

The office-to-apartment conversion trend will likely be a minor one in Albuquerque, unless office values and rents see some major, permanent decline after the pandemic.

Finding an obsolete office building at the right price and asking rents, with high vacancy and the right floor plates to convert into an apartment building is great in theory, but hard to execute in today's market.

In sum, although there are limitations to the office-to-housing conversion strategy for increasing the rate of housing constructions, there are also advantages, including environmental ones.<sup>13</sup> This strategy should be pursued when appropriate and as part of a multi-pronged housing effort.

### RESOURCES (FOR CASE STUDIES)

- 1. Cororaton, Scholastica (Gay). 2021. "Strong Potential for Office-to-Housing Conversion of Class B Buildings in Metro Areas Impacted by the Pandemic," National Association of Realtors. See <a href="https://www.nar.realtor/blogs/economists-outlook/strong-potential-for-office-to-housing-conversion-of-class-b-buildings-in-metro-areas-impacted-by">https://www.nar.realtor/blogs/economists-outlook/strong-potential-for-office-to-housing-conversion-of-class-b-buildings-in-metro-areas-impacted-by</a>, accessed December 6, 2022.
- 2. See <a href="https://www.rentcafe.com/blog/rental-market/market-snapshots/adaptive-reuse-apartments-2021/">https://www.rentcafe.com/blog/rental-market/market-snapshots/adaptive-reuse-apartments-2021/</a>, accessed November 28, 2022. This article reports on conversions in Philadelphia, Washington, D.C., Cleveland, Chicago, Los Angeles, Alexandria, Detroit, Pittsburgh, Kansas City, and New York City.
- 3. These data are contained in a pdf embedded here: <a href="https://www.nar.realtor/blogs/economists-outlook/metro-office-vacancy-rates-q3-2022">https://www.nar.realtor/blogs/economists-outlook/metro-office-vacancy-rates-q3-2022</a>, accessed December 4, 2022.
- 4. Romem, Issi, David Garcia, and Ida Johnsson. 2021. "Strip Malls To Homes: An Analysis Of Commercial To Residential Conversions In California." U.C., Berkeley: Terner Center for Housing Innovation, p. 2. See <a href="https://ternercenter.berkeley.edu/research-and-policy/commercial-residential-conversions/">https://ternercenter.berkeley.edu/research-and-policy/commercial-residential-conversions/</a>, accessed December 6, 2022.
- 5. Ibid.
- 6. This is the case in only 40% of commercially zoned properties, Ibid., p. 3.
- 7. Ibid., p.9
- 8. See <a href="https://www.gensler.com/blog/what-we-learned-assessing-office-to-residential-conversions">https://www.gensler.com/blog/what-we-learned-assessing-office-to-residential-conversions</a>, accessed December 5, 2022.
- 9. Ibid.., p.7.
- 10. Ibid
- 11. Ward, Jason M. and Daniel Schwam, "Can Adaptive Reuse of Commercial Real Estate Address the Housing Crisis in Los Angeles?" Santa Monica, CA: RAND Corporation, 2022. See <a href="https://www.rand.org/pubs/research\_reports/RRA1333-1.html">https://www.rand.org/pubs/research\_reports/RRA1333-1.html</a>, accessed December 6, 2022.
- $12. \ \ See \underline{\ https://www.dailynews.com/2022/04/06/hotel-office-conversions-could-provide-la-county-with-at-least-72000-new-homes-study-finds/, accessed December 6, 2022.$
- 13. See Greenest Building <a href="https://forum.savingplaces.org/viewdocument/the-greenest-building-quantifying">https://forum.savingplaces.org/viewdocument/the-greenest-building-quantifying</a>, accessed December 6, 2022.



# Accessory Dwelling Units

Accessory Dwelling Units (ADUs), or "casitas" as they're known in the Southwest<sup>31</sup>, have an honored tradition in Albuquerque, but they're also a future-oriented solution to Albuquerque's housing challenges. Casita construction has the potential to double access to housing.

Housing Forward ABQ proposes lifting restrictions on building casitas in areas of the City where single family homes are permitted—that is, in residential zones.

The various labels attached to ADUs (e.g., secondary units, backyard cottages, in-law units, granny flats, carriage units, alley flats—to name a few) can be confusing, <sup>32</sup> but all of the labels refer to the same concept, smaller size housing options located on properties zoned for single family homes.

ADUs are detached structures built on a lot with an established single-family home and most often are on foundations in backyards.<sup>33</sup> Although the use of ADUs as a form of housing is not new,<sup>34</sup> the focus on using ADUs to help alleviate the current housing crisis has gained momentum in recent years.<sup>35</sup>

It is also important to note that with ADUs the developers are homeowners, who vary greatly in their experience and sophistication designing and building additions to their properties.<sup>36</sup>

The nationwide housing affordability crisis is driving this renewed focus on ADUs. However, the fact that large amounts of residential land in major metropolitan areas is zoned for single family homes poses a problem. Allowing only single-family lots reduces housing opportunities for lower income people who cannot



afford to live in these areas, and thus take advantage of often superior urban services.

According to a 2019 New York
Times analysis, single family zoning
constitutes 94% of residential land in
San Jose, CA; 89% in Arlington, TX;
85% in Sandy Springs, GA; 84% in
Charlotte, NC; 81% in Seattle, WA; 77%
in Portland, OR; 75% in Los Angeles,
CA; and 70% in Minneapolis, MN.<sup>37</sup> In
Albuquerque, the number is 74%—or
81% combining the R-1 and R-A zones.

Exacerbating this situation, the number of people living in areas zoned for single family homes is declining. A 2017 analysis of Seattle by the organization Sightline shows that since the 1970s desirable neighborhoods zoned for single family homes have been steadily losing population, while areas of the cities zoned for multi-family homes have been gaining. Therefore, while more and more of the urban land fabric is zoned for single family homes, fewer and fewer people are living there.<sup>38</sup>

This land-to-people mismatch creates opportunities to expand what planners and housing experts call "gentle density." Gentle density, or missing middle housing, includes not only ADUs, but also duplexes, triplexes, and townhomes, among others. Because these housing forms



are street-level or ground-oriented compared to high-rise apartment complexes, they have less impact on local neighborhood character.<sup>39</sup>

Changing lifestyle preferences also support an increase in ADU construction and usage. For example, more people today are living alone and therefore do not need a larger single-family residence. Others appreciate the smaller carbon footprint in the form of reduced energy costs that comes from living in smaller spaces. And as remote work, public transit and ride-share options become more available, reliance on personal automobiles may decline as well.<sup>40</sup>

In California, the state saw an 11-fold increase in ADU permits between 2016 and 2019, when the state prioritized the issue through legislation that relaxed zoning and parking regulations.<sup>41</sup>

Because homeowners typically generate the decision to add an ADU or casita, wealthier homeowners occupy a large percentage of the ADU construction market.

One recent study notes, however, that about half (51%) of California's new ADUs serve as income-generating rental units,<sup>42</sup> and 16% of ADUs provide no-cost housing to a relative of the homeowner.<sup>43</sup>

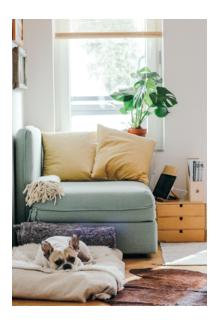
The City of Los Angeles is providing incentives for "average" homeowners able and willing to add an ADU for purposes of renting it to a person receiving a Section 8 voucher,<sup>44</sup> and other county and municipal governments have begun to provide incentives for building ADUs that will be available as affordable housing.<sup>45</sup>

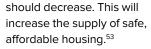
According to the Terner Center, government-backed financing for ADUs exists, but barriers to valuation of the property and the need to reflect income from the ADU as part of an application process can limit success. The State of California offered a \$100 million grant program aimed at making ADU construction more affordable; it was depleted after awarding 2500 grants by December of 2022. 47



## OPPORTUNITIES OF ADU DEVELOPMENT

- In addition to shifting preferences related to changing demographics and lifestyles, allowing for ADUs or casitas will increase the supply of housing that is affordable to lower income renters, while providing an additional income stream for current property owners.<sup>48</sup>
- ADUs are likely to face little political opposition from neighborhood residents, since the units are largely hidden from the street.<sup>49</sup>
- ADUs are an effective infill strategy, reducing pressures on sprawl development.<sup>50</sup>
- ADUs will allow more seniors to "age-in-place" by generating rental income from family members or non-family renters.<sup>51</sup>
- ADUs are considered a naturally occurring form of affordable housing.<sup>52</sup>
- By reducing regulations to allow for more ADUs, the number of unpermitted ADUs currently in place





## **POLICY RECOMMENDATIONS**

According to a widely cited report by Ahmad Abu-Khalaf of Enterprise,<sup>54</sup> to foster ADU development, cities should ease and/or eliminate municipal regulations and requirements that create regulatory barriers, including but not limited to:

- Discretionary review processes
- Owner-occupancy requirements<sup>55</sup>
- Off-street parking requirements<sup>56</sup>
- Minimum lot size requirements and large setbacks
- Restrictive size and height caps
- Prescriptive design standards
- Impact fees and utility connections cost burdens
- Changes to built-in expectations by appraisers about future rents in determining the value of property



Housing Forward ABQ proposals address these challenges. Under Albuquerque's Integrated Development Ordinance (IDO),

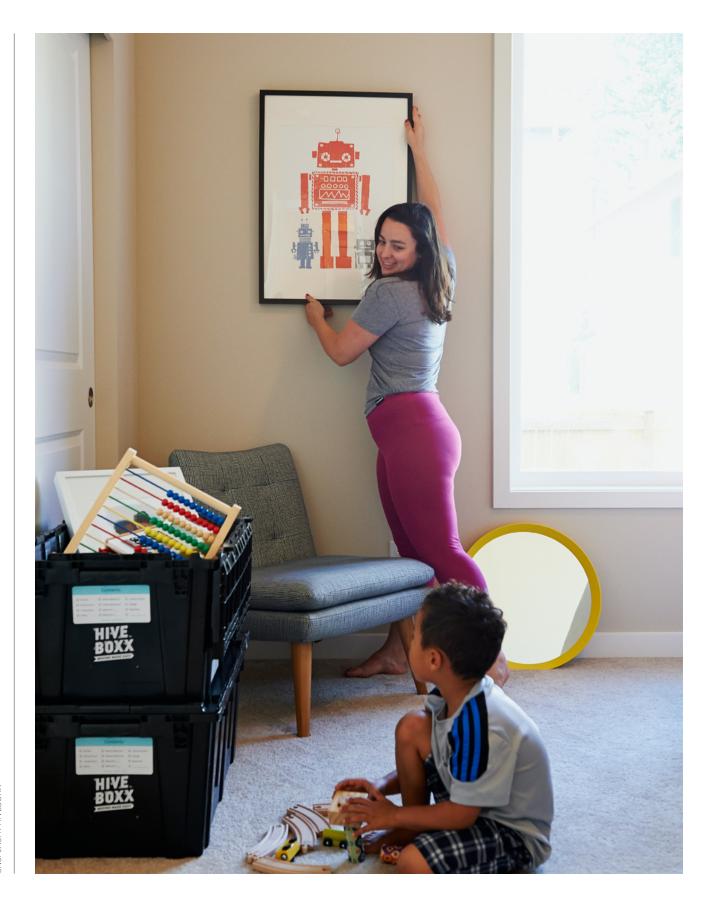
- ADUs are a "permissive use," meaning they need no extra approval if they are built in the correct zone.
- Albuquerque does not require that owners occupy the property with the ADU.
- ADUs require one parking place, but the IDO also allows on-street parking to meet the off-street parking requirement, in keeping with nationwide studies that recommend no additional parking requirements for ADUs.<sup>57</sup>
- Housing Forward ABQ is in the process of adopting a set of pre-approved construction plans, as recommended by the Urban Land Institute, to help backyard builders get through the permitting process more easily.

 The IDO's existing rules regarding small lots and setbacks are already established by each zoning district—including prohibitions on "filling up" backyards by constructing a new home.

## **SUMMARY**

ADU development builds on housing patterns that go back centuries in Albuquerque, providing an option for elders to remain in their homes, for younger generations to launch gradually into homeownership, and for those who already own homes to diversify their income through renting the new casitas.

The problem for most people will be finding financial resources to begin the process to adapt or add new units to their backyards. Housing Forward ABQ proposes the first steps toward making it possible to build new housing on existing residential lots, returning Albuquerque to its cultural roots, while also implementing gentle density.







In Albuquerque, there is an acute undersupply of housing for all income levels. Nationally in 2022, the median sales price for existing homes was 5.3 times the median household income. Homeownership affordability is currently the worst on record, with annual payments for a median home representing 46.3% of the median income. Homeownership affordability is currently the worst on record, with annual payments for a median home representing 46.3% of the median income.

Home prices on the far ends of the financial spectrum affect the average tenant and homebuyer, leading many cities and states to focus on results in between (i.e., the "missing middle" of the housing market)<sup>60</sup> often through the gentle density of ADUs, but also through construction of apartments, townhouses and condos available for rent or purchase. It is increasingly common for cities and states aiming to increase rental and owned housing available to middle income people to form joint powers agreements such as regional housing authorities—a step now being explored by the City of Albuquerque and the Bernalillo County governments.<sup>61</sup>

Many low and moderate-income people in Albuquerque need affordable rental housing in order to avoid homelessness. According to the Terwilliger Center Home Attainability Index, few housing units of any kind, even modest rental units, are affordable to many low-wage workers in Albuquerque.<sup>62</sup>





According to the Terner Center, the number of new homes smaller than 1,400 square feet has decreased since the 1970s, and by 2020, less than 10% of new homes were smaller than 1,400 square feet. Smaller homes are a more attainable option for low- and moderate-income families that make between 50 and 110% of area median income (AMI).<sup>63</sup>

The City of Albuquerque is already at work on righting that problem, especially for Indigenous and Black residents. Correcting for the racial and ethnic disparities in home-ownership is a high priority, as described in a new City of Albuquerque study, "Closing the Housing Gap for Indigenous and African-American Communities." <sup>64</sup> The study was based on the City's report on housing equity.





CASE STUDIES

## SUCCESSFUL MIDDLE HOUSING CONVERSIONS

Cities and counties are encouraging rentals as part of affordable housing projects designed to help bring people of color back into neighborhoods that have been gentrified and to keep stabilize low-to middle-income households in neighborhoods where housing values have spiked.

Local governments have established funds to encourage developers of affordable rental housing by making below-market funding available for acquisition or conversion of rental units whose agreements for public funding have expired.

Typically, when public housing caps expire, developers seize the opportunity to convert projects to market-rate housing.

## WAKE COUNTY, NORTH CAROLINA

In North Carolina, Wake County

(Raleigh), 59% of affordable housing units capped at rental rates of \$750 expired between 2010 and establishment of the county Affordable Housing Preservation Fund, but with the fund, developers have an incentive to keep some rental caps in place.<sup>1</sup>

## **SAN DIEGO, CALIFORNIA**

Several cities expedite approvals for multi-family housing that sets aside a certain percent of units accessible and available to low-income or moderate-income families.

San Diego's "Expedite Program" fast tracks permit processing for affordable housing and sustainable building projects with an initial business review that takes just five days.<sup>2</sup>

## **AUSTIN, TEXAS**

Austin offers the SMART Housing program, which includes fee waivers, density bonuses, tax incentives

and development agreements for developers that build multi-family housing that includes affordable rental and ownership housing for lowand moderate-income households in their plans. The plan also offers expedited development review and waives development fees.<sup>3</sup>

## **ALBUQUERQUE, NEW MEXICO**

In Albuquerque, IDO amendments offer flexibility in zoning restrictions for those who include affordable housing, including more building height bonuses for multi-family dwellings in the City's Areas of Change/Consistency.<sup>4</sup>

## RESOURCES (FOR CASE STUDIES)

- Partner With Us | Wake County Government (wakegov.com) See wakegov.com/

  PreservationFund.
- 2. See City of San Diego and San Diego Housing Commission information at: <a href="https://www.sandiego.gov/development-services/news-programs/ahrep">https://www.sandiego.gov/development-services/news-programs/ahrep</a>, accessed Jan. 23, 2023.
- 3. See City of Austin, <u>Development Incentives</u> and Agreements | AustinTexas.gov.
- 4. See Housing Forward ABQ site, <a href="https://abczone.com/ido-annual-update-2022">https://abczone.com/ido-annual-update-2022</a>. The City is still in the midst of review and approval of proposed changes.



## Protecting Tenant Interests

Housing Forward ABQ embraces the need to recognizing and respond to tenant interests as increasing numbers of rental tenants are facing challenges and access to housing. Federal funding that protected thousands during the pandemic are drying up, and accessibility of rental housing is at risk.

The City partnered with the State of New Mexico to administer a joint statewide Emergency Rental Assistance Program (ERAP)<sup>66</sup> with federal funding. ERAP provides help with back, current, and future rent and utility payments to households at or below 80% AMI who experienced financial hardship during the pandemic and are at risk of homelessness or housing instability. However, ERAP is no longer accepting new applications, as there only enough funds remaining to serve households who have already applied. By January 23, 2023, the State reported making 98,811 ERAP awards totaling \$218,332,993, of which approximately \$115 million went to Albuquerque renters.<sup>67</sup>

Housing Forward ABQ includes the concerns of rental tenants because keeping a stable housing supply available to tenants is in the community's best interest. Fair treatment for renters is a matter of equity and practical concern. People who rent their homes place a considerable amount of trust in their tenants. Tenants can be at a significant disadvantage in their basic relationship to a landlord. Some provisions of New Mexico's "Uniform Owner-Resident Relations Act" or landlord-tenant law, specify obligations of landlords<sup>68</sup> while the State's Mobile Home Act applies most of the general provisions to the relationships between owners and tenants in mobile homes.<sup>69</sup>

Nearly half of Albuquerque renters are "cost-burdened." Between 2021 and 2022, Albuquerque saw an average rent increase of 20%, reflecting a new rental median rent price of \$1235. Nationally, the median rental prices were up 17.1% by February 2021 with a median rental price of \$1792.

Given the potential that a costburdened tenant could become homeless, and that homelessness not only affects the unhoused person, but is also expensive for public services, the City of Albuquerque has a vested interest in supporting fair treatment of tenants.

#### **RENT CONTROL/CAPS**

Some have called for rent control to cap rapidly escalating rental rates in Albuquerque, but implementing rent control would require state law changes. As things currently stand in New Mexico, home rule cities such as Albuquerque cannot directly control rent increases.

Other states are considering amendments to similar state laws, allowing municipalities such as Albuquerque to impose caps on rent increases.<sup>71</sup> Although a bill was proposed this legislative session to repeal the prohibition on imposing rent control in home rule cities, New Mexico has not yet done so.

The policy debate as to whether rent caps ultimately help or hurt consumers is far from decided but deserves consideration, especially as data become available from the California Tenant Protection Act of 2019, which requires "just cause" for an eviction due to a steep rent increase.<sup>72</sup>

However, the City's Office of Consumer Protection is already implementing existing consumer protection and housing rights ordinances and working with advocates to find more constructive paths to support rental tenants.



#### **VOUCHER PROTECTIONS**

The Albuquerque City Council passed "source of income" requirements to prohibit rejecting potential tenants solely because they receive housing vouchers. Because of the prohibition, owners cannot turn away those who offer to pay for rents with housing vouchers. A voucher typically requires the potential tenant to pay 1/3 of the established rent while public funds pay 2/3.

Owners uncomfortable with renting to tenants at the margins of affordability previously could reject them out-of-hand. With the new City legislation, the source of a tenant's income cannot be taken into consideration.

### **HOUSING STABILITY FUND**

The City Council appropriated approximately \$15 million in new funding in the last budget cycle for vouchers for residents needing housing assistance. The City is using

much of these new funds to create more new Permanent Supportive Housing vouchers and Rapid Rehousing vouchers. However, finding rental properties that take vouchers is often difficult for voucher recipients.

To engage owners, the City will establish a fund to support landlords who have tenants with housing vouchers. The City is currently working with key stakeholders, including entities that provide housing vouchers and landlords, to design the fund.

The fund will be designed based on stakeholder input on the success of a landlord collaboration program that is currently administered by the Mortgage Finance Authority (MFA) for youth in supportive housing programs. Some of the costs that could be covered by this fund includes damages greater than deposit, repairs identified during the housing quality standard inspection process, cleaning



or pest control, unpaid rent, rent greater than the Fair Market Rent, or signing bonuses for landlords.

## PROGRAMS PROMOTING TENANT ACCESS TO RENTAL HOUSING

A 2016 report produced by Hatie Hiler for the Minnesota Housing Finance Agency argued that "Successful programs, regardless of the fund's size or program reach, have policies outlining claim guidelines, household participation, landlord engagement, and program evaluation."

Based on the potential that housing once available for long-term rentals is being diverted, Albuquerque is working with property owners and community members to limit short-term rentals (STRs).

Currently, Albuquerque City Council is considering legislation to require that: (1) any owner registering an STR must be a natural person—not a corporation or limited liability company—and (2) the City cap its STR inventory. Such changes are in the works primarily to ensure that local tenants can continue to live in rental housing that otherwise may be bought out by out-of-state interests. Other cities have found a direct link between rent increases and STRs.<sup>74</sup>



## Workforce

Housing Forward ABQ includes a focus on workforce to encourage more Albuquerque residents to enter the residential construction field, with a goal of training an additional 250 housing construction workers by 2025.

In order to build a strong residential construction workforce, the City will support not-for-profit and small-business initiatives to train and employ more women and people of color in existing construction trades programs. Housing Forward ABQ will foster residential construction enterprises, including construction to add casitas, smaller residential homes and apartment complexes, while also keeping the doors open for innovative solutions such as housing construction through 3D printing.<sup>75</sup>

The market for construction workers is stressed. According to a recent estimate from the Home Builders Institute, the demand for residential construction workers will be short approximately 740,000 workers in each of the next three years. Among the many reasons for this are an aging and retiring workforce, fewer people entering the construction industry, and low net migration to fill available positions.

The need to fill this workforce gap is causing cities to move aggressively to begin or fine-tune their workforce development programs, especially those focused on training skilled tradespeople such as plumbers, electricians, and heating, ventilation, and air conditioning (HVAC) professionals, among others, who are vital to housing construction.<sup>78</sup>

The demand for construction and manufacturing workers, especially in



transportation and other infrastructure industries, will only grow with increases in federal spending in coming years.

The size and scope of unmet demand for housing construction open up tremendous opportunities for small builders—including homeowners themselves—to enter the market for homebuilding.

Because of the diffuse nature of small-scale projects, larger developers may not enter this space, meaning that there is ample room for builders who specialize in ADUs, single-family homes, or home remodels. These builders are more likely to be small businesses using local subcontractors and could serve as an important conduit for increasing the number of developers who are Black, indigenous, and/or people of color. As such, there are significant implications for creating a more equitable development ecosystem by catalyzing this type of housing and expanding the pool of individuals and organizations to a level needed to see missing middle housing built at scale.79

The development of a trained workforce has been the focus of federal and state, as well as the

County and City, funding for decades. Housing Forward ABQ's role in this development is one of coordination and collaboration, matching Albuquerque's training with that provided through other sources.

However, local workforce development agencies contacted for purposes of Housing Forward ABQ reported that making potential customers, apprentices and employees aware of the existing opportunities is a major stumbling block. For this reason, the City has coordinated a roundtable discussion with stakeholders that have training funding so all the funders can become aware of the availability of all available expertise.

## JOB TRAINING ALBUQUERQUE (JTA)

Housing Forward ABQ is already at work with Job Training Albuquerque (JTA). JTA provides training in construction trades, technology, leadership and business management and healthcare professions, having trained 451 workers at 126 Albuquerque small businesses since 2020.

The training has led to 431 new jobs at participating businesses—approximately 47% of which have been women-owned. JTA is a partnership between the City of Albuquerque's Economic Development Department (EDD) and Central New Mexico Community College (CNM) and supports growth of existing Albuquerque small businesses by providing their employees with free training in high-demand skill areas.

In September 2022, JTA launched a new training partnership with the Associated General Contractors of New Mexico (AGC NM) to provide construction industry trainings. AGC NM's JTA training programs include entry-level and management courses within the construction industry educating New Mexicans about the benefits of a career in construction while providing advocacy, training, and improving job site safety.

#### **WOMEN IN CONSTRUCTION**

Women in Construction is an example of an organization expected to benefit from the Housing Forward ABQ collaboration. The group may be the only association in New Mexico specifically for women in the construction industry. It supports networking and contracting for women in construction and related trades such as welding, home inspection and appraising, plumbing, carpentry, and surveying, as well as office-related professions supporting the construction industry—for instance, billing, managing assets, human resources, contracts.

## MID-REGION COUNCIL OF GOVERNMENTS (MRCOG)

The Mid-Region Council of Governments is another partner in the Housing Forward ABQ initiative. MRCOG trains and tests potential employees and apprentices, and the City coordinates its residential housing construction pipeline with MRGOG in order to find, train and employ workers.

The organization actively encourages local companies to hire workers it has screened, the City of Albuquerque actively coordinates efforts to ensure that MRCOG clients seeking training are aware of the need for residential construction workers and related trades, collaborating with MRCOG staff regularly.

MRCOG is the administrative entity, operator, and fiscal agent for the New Mexico Workforce Connection in the Central Region, overseeing services in Bernalillo, Torrance, Sandoval and Valencia Counties. The Mid-Region Council of Governments receives federal funding under the Workforce

Innovation & Opportunity Act (WIOA).

## WORKFORCE CONNECTION OF CENTRAL NEW MEXICO (WCCNM)

The Workforce Connection of Central New Mexico (WCCNM), a local workforce development board in the region with 40% of New Mexico's population, is an essential partner in reaching potential residential housing construction workers needed for Housing Forward ABQ.

WCCNM leads the development of the regional Workforce Innovation and Opportunity Act (WIOA), a fouryear Workforce Development Plan. It selects the region's Administrative Entity/Fiscal Agent (AE/FA).

The WCCNM is the primary contact for un- and underemployed workers.

The organization oversees New Mexico Workforce Connection (NMWC) Career OneStop Operator, Adult/Dislocated Worker (A/DW) Service Providers, and Youth Service Providers. WCCNM also develops the budget for implementing the WIOA program within New Mexico's Central Region.

Through the WIOA A/DW and Youth Service Providers, the WCCNM provides workforce training and employment opportunities for in-demand occupations including construction laborers; construction managers; drywall and ceiling tile installers; electricians; heating, air conditioning, and refrigeration mechanics and installers; and maintenance and repair workers.

Through WIOA funding, eligible participants may receive paid classroom training leading to an industry recognized credential or degree or specialized employer-driven training through transitional jobs, apprenticeships, on-the-Job training, internships, or customized training programs. For Housing Forward ABQ, establishing a close-knit cooperative relationship with federally funded



training should smooth the way for persons interested in learning residential housing trades.

## SUMMARY AND RECOMMENDATIONS

The need for skilled construction workers to complete the work contemplated by Housing Forward ABQ is clear. Albuquerque and New Mexico should be prepared to invest in workforce development, not just for residential housing but infrastructure spending that will come to the state from the federal government.

The issues are complex, and the workforce intermediary players are many. The City can play a vital, coordinating role moving forward.

Housing Forward ABQ establishes a goal of recruiting 250 new residential construction workers by 2025. To work toward that end, Albuquerque policymakers are implementing "local hire" provisions, executing project labor agreements (PLAs), supporting and building workforce development training, as recommended in other cities. Providing wrap-around services and having concrete measures of program outcomes will also be critical.



## **Conclusion**

Housing Forward ABQ can be seen as a map to Albuquerque's housing future—a future where everyone can have a stable home, where people can afford to remain stable with an average income, and where diverse communities continue to live side by side.

We're acquiring, building, renovating and converting motels, hotels and office buildings and seeking to attract developers able and willing to invest in transforming these structures into new housing.

We've proposed and are implementing where possible the construction of ADUs or "casitas," making it possible for multiple generations to build together and share traditions in Albuquerque's gently dense neighborhoods.

We're encouraging developers as well as potential tenants and buyers to fill in the City's "missing middle," and we're working on behalf of Albuquerque's tenants to ensure that circumstances such as skyrocketing rents do not force more families onto the streets.

Finally, we're also looking long-term to cultivate, train and employ a residential construction workforce that will make it possible to supply those who need new homes with the opportunity to acquire them.

With clear vision and planning, Housing Forward ABQ will build the City we want to share and pass on to future generations.

#### APPENDIX A

## **Endnotes**

1. Despite the Legislative Finance Committee January 2023 report, "Housing and Homelessness Supports", declaring that homelessness statewide was down by 28% in 2019 compared with 2011, the interim committee also acknowledged that Albuquerque's unhoused population has not fallen.

https://nmlegis.gov/Entity/LFC/Documents/Program\_Evaluation\_Reports/Housing%20and%20Homelessness%20Prevention%20Program%20Evaluation%20Status%20Update%20FINAL.pdf

- 2. National Association of Realtors magazine (March 23, 2022, <a href="https://www.nar.realtor/magazine/real-estate-news/rents-taking-a-bigger-bite-out-of-pay">https://www.nar.realtor/magazine/real-estate-news/rents-taking-a-bigger-bite-out-of-pay</a>)
- 3. KRQE News, Sept. 19, 2022, What does your salary need to be to live in Albuquerque? (krqe.com).
- 4. See American Community Survey for 2021, tallying a total of 27.2% of the population as under age 18, compared with only 15.9% of persons over age 65. https://www.census.gov/quickfacts/albuquerquecitynewmexico.
- 5. Boomers (aged 57-76) constitute 42% of the population nationwide that owns a home and 75% of those owners identify as white compared with 63% of the overall population. Millennials (aged 27-41) constitute 42% of the rental market nationally. <a href="https://www.rubyhome.com/blog/homeowners-vs-renters-stats/#how-many-homeowners-renters">https://www.rubyhome.com/blog/homeowners-vs-renters-stats/#how-many-homeowners-renters</a>.
- 6. This includes shelter operations, meals, transportation, workforce development and even dental care, and the amount allocated in FY22 for permanent supportive housing and rapid rehousing.
- 7. Leopold, Scott, Hendey, "Albuquerque Affordable Housing and Homelessness Needs Assessment," Urban Institute, May 2020. The full report is available at <a href="https://www.urban.org/sites/default/files/publication/102261/albuquerque-affordable-housing-and-homelessness-needs-assessment\_2.pdf">https://www.urban.org/sites/default/files/publication/102261/albuquerque-affordable-housing-and-homelessness-needs-assessment\_2.pdf</a>.
- 8. *The State of the Nation's Housing 2022*, Joint Center for Housing Studies of Harvard University, June 22, 2022, page 10, The State of the Nation's Housing 2022 (harvard.edu).
- 9. Ibid)
- 10. Ibid.
- 11. NAR report, Ibid., citing US Census Bureau, HVS Survey
- 12. See https://www.cabq.gov/mayors/news/albuquerque-cahrts-course-to-confront-housing-crisis.
- 13. For purposes of this report, "landlords" is used to describe persons of any gender and businesses that own and rent out residential properties.
- 14. Neighboring Texas is Ground Zero for 3D printing construction for housing. See The New Yorker, "Build Better: Can 3D printing help solve the housing crisis?", January 23, 2023 edition, pp. 24-29.
- 15. Terner Center for Housing Innovation, December 15, 2021, <u>Addressing Homelessness Through Hotel Conversions Terner Center for Housing Innovation (berkeley.edu)</u>.
- 16. But see critique of public housing efforts in California on June 20, 2022, "Affordable housing in California now routinely tops \$1 million per apartment to build," <a href="https://www.latimes.com/homeless-housing/story/2022-06-20/california-affordable-housing-cost-1-million-apartment">https://www.latimes.com/homeless-housing/story/2022-06-20/california-affordable-housing-cost-1-million-apartment</a>. Also see Terner Center, "Why Does It Cost So Much to Build in California?", March 30, 2020 Why Does It Cost So Much to Build in California? And Why It Still Matters in the Current Crisis. Terner Center (berkeley.edu).
- 17. The City of Albuquerque has established the Safe City Strike Force that has demolished some existing eyesore properties that attracted criminal activity. Motel/hotels identified as nuisances may be considered for motel/hotel renovation as part of

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Housing Forward ABQ. The Albuquerque Housing Code, whose purpose is to establish "minimum standards to safeguard life or limb, health, property, safety, and public welfare" through occupancy and building maintenance standards, authorizes the City to demolish unsafe properties. See also, <u>Mayor Tim Keller Leads Demolition of Abandoned Property — City of Albuquerque (cabq.gov)</u>.

- 18. See coverage of the Luna Lodge conversion at www.realtor.com, <a href="https://www.nar.realtor/sites/default/files/documents/2021-case-studies-on-repurposing-vacant-hotels-motel/hotels-into-multifamily-housing-05-07-2021.pdf">https://www.nar.realtor/sites/default/files/documents/2021-case-studies-on-repurposing-vacant-hotels-motel/hotels-into-multifamily-housing-05-07-2021.pdf</a>, Case Study No. 3, pp. 34-37. Also see the National Park Service recognition of the conversion at <a href="https://www.nar.realtor/sites/default/files/documents/2021-case-studies-on-repurposing-vacant-hotels-motel/hotels-into-multifamily-housing-05-07-2021.pdf">https://www.nar.realtor/sites/default/files/documents/2021-case-studies-on-repurposing-vacant-hotels-motel/hotels-into-multifamily-housing-05-07-2021.pdf</a>, Case Study No. 3, pp. 34-37. Also see the National Park Service recognition of the conversion at <a href="https://www.nar.realtor/sites/default/files/documents/2021-case-studies-on-repurposing-vacant-hotels-motel/hotels-into-multifamily-housing-05-07-2021.pdf</a>, Discover Our Shared Heritage Travel Itinerary (nps.gov).
- 19. Business Travel News, "STR: 2020 Worst Year on Record for U.S. Hotels" <u>STR: 2020 Worst Year on Record for U.S. Hotels</u> <u>Business Travel News</u>, Airolde, January 20, 2021.
- 20. See https://www.airbnb.com/resources/hosting-homes/a/tools-you-can-use-to-attract-longer-stays-263.
- 21. As examples, see Wisconsin Public Radio transcript and photographs, June 2, 2022, <u>Developers convert vacant motel/hotels to apartment units to tackle affordable housing shortage I WXPR</u>; Hartford Courant, December 3, 2021, "<u>Struggling Hartford Hilton," Struggling downtown Hartford Hilton Hotel, facing closure, could be partly converted to apartments Hartford Courant.</u>
- 22. See <a href="https://cdn.nar.realtor/sites/default/files/documents/2021-case-studies-on-repurposing-vacant-hotels-motel/hotels-into-multifamily-housing-05-07-2021.pdf">https://cdn.nar.realtor/sites/default/files/documents/2021-case-studies-on-repurposing-vacant-hotels-motel/hotels-into-multifamily-housing-05-07-2021.pdf</a>, p. 14.
- 23. See Bloomberg's CityLab, "When America's Basic Housing Unit Was A Bed, Not a House," accessed 11/8/22 at The Rise and Fall of the American SRO Bloomberg. See also 21st Century SROs: Can Small Housing Units Help Meet the Need for Affordable Housing in New York City? NYU Furman Center In Albuquerque the Housing Authority continues to authorize SRO units at 75% of the cost of other supported housing. See Albuquerque Housing Authority Section 8 Administrative plan at p. 294.
- 25. See <a href="https://www.greendoors.org/facts/cost.php">www.greendoors.org/facts/cost.php</a>, a study comparing emergency room and other health care costs with housing, and the University of California at Irving-Jamboree-Orange County-United Way 2017, <a href="https://cdn.shopify.com/s/files/1/0072/3019/3782/files/jamboree-united-way-cost-study-oc-homelessness-2017-report.pdf">https://cdn.shopify.com/s/files/1/0072/3019/3782/files/jamboree-united-way-cost-study-oc-homelessness-2017-report.pdf</a>.
- 26. Gregg Colburn, Rachel Fyall, Samantha Thompson, Taquesha Dean, Christina McHugh, Pear Moraras, Victoria Ewing, Sarah Argodale. 2020. "Impact of Hotels as Non-Congregate Emergency Shelters: An analysis of investments in hotels as emergency shelter in King County, WA during the COVID-19 pandemic."
- 27. See Terner Center, Berkeley.edu, discussing the complexity of acquiring property while also coordinating service providers at St. Elizabeth's Shelter in Santa Fe, "Addressing Homelessness Through Hotel Conversions," <a href="Hotel-Acquisitions-Final-December-2021.pdf">Hotel-Acquisitions-Final-December-2021.pdf</a> (berkeley.edu), p. 19.
- 28. See https://www.nar.realtor/blogs/economists-outlook/metro-office-vacancy-rates-q3-2022, accessed December 4, 2022.
- 29. See Terner Center's March 2022 report, "California's Homekey Program: Unlocking Housing Opportunities for People Experiencing Homelessness," <u>Homekey-Lessons-Learned-Final-March-2022.pdf</u> (berkeley.edu).
- 30. See New York Times, December 27, 2022, "What Would It Take to Turn More Offices Into Housing?" https://www.

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nytimes.com/2022/12/27/business/what-would-it-take-to-turn-more-offices-into-housing.html?smid=nytcore-ios-share&referringSource=articleShare, accessed December 28, 2022.

- 31. See <a href="https://renovated.com/what-is-a-casita/">https://renovated.com/what-is-a-casita/</a>, accessed December 26, 2022.
- 32. See <a href="https://accessorydwellings.org/2012/06/04/beware-of-the-many-synonyms-for-adus">https://accessorydwellings.org/2012/06/04/beware-of-the-many-synonyms-for-adus</a> for more labels, accessed December 26, 2022.
- 33. See https://accessorydwellings.org/what-adus-are-and-why-people-build-them/, accessed December 26, 2022.
- 34. See https://www.huduser.gov/portal/publications/adu.pdf, accessed December 27, 2022, p. 1.
- 35. See https://www.planning.org/planning/2021/summer/whats-blocking-an-adu-boom/, accessed December 27, 2022
- 36. See <a href="https://ternercenter.berkeley.edu/wp-content/uploads/pdfs/Jumpstarting\_the\_Market\_--\_ULI.pdf">https://ternercenter.berkeley.edu/wp-content/uploads/pdfs/Jumpstarting\_the\_Market\_--\_ULI.pdf</a>, accessed December 23, 2022, p. 23.
- 37. See <a href="https://www.nytimes.com/interactive/2019/06/18/upshot/cities-across-america-question-single-family-zoning.html">https://www.nytimes.com/interactive/2019/06/18/upshot/cities-across-america-question-single-family-zoning.html</a>, accessed December 27, 2022.
- 38. See <a href="https://www.sightline.org/2017/05/04/some-neighborhoods-losing-population-despite-the-boom/">https://www.sightline.org/2017/05/04/some-neighborhoods-losing-population-despite-the-boom/</a>, accessed December 23, 2022.
- 39. See <a href="https://www.enterprisecommunity.org/sites/default/files/2021-06/overcoming-barriers-to-bringing-adu-development-to-scale.pdf">https://www.enterprisecommunity.org/sites/default/files/2021-06/overcoming-barriers-to-bringing-adu-development-to-scale.pdf</a>, accessed December 27, 2022, p. 7.
- 40. See Chapple et al, https://escholarship.org/content/qt6fz8j6gx/qt6fz8j6gx\_ noSplash\_18202d98515e5a95c61bbdf977cd47a2. pdf?t=m6w6km, accessed December 27, 2022, p. 8.
- 41. Most notably Senate Bill 1069/Assembly Bill 2299 in California, signed into law on January 1, 2017, eased zoning and parking restrictions for ADUs.
- 42. U.C. Berkeley Center for Community Innovation, "Implementing the Backyard Revolution," April 2021, p. 14 <a href="https://www.aducalifornia.org/wp-content/uploads/2021/04/Implementing-the-Backyard-Revolution.pdf">https://www.aducalifornia.org/wp-content/uploads/2021/04/Implementing-the-Backyard-Revolution.pdf</a>.
- 43. Ibid., p. 3-4.
- 44. See <a href="https://www.mas.la/affordable-adus">https://www.mas.la/affordable-adus</a>. The program offers incentive for optional financing, design permitting, construction, and leasing support for building and renting an ADU.
- 45. See City and County of Los Angeles ADU programs such as the Backyard Home Project and Second Dwelling Unit Pilot programs that seek to supply low-income tenants or formerly homeless tenants with ADU housing. See also Multnomah County (Portland), OR "A Place for You" Program and Pasadena, CA "Second Unit ADU Program." <a href="https://www.inclusiveaction.org/blog/incentivizing-equitable-adu-development-for-affordable-housing">https://www.inclusiveaction.org/blog/incentivizing-equitable-adu-development-for-affordable-housing</a>.
- $46. \ \ See \ \underline{https://ternercenter.berkeley.edu/research-and-policy/adu-construction-financing/}, p. 10.$
- 47. For details and a sample grant application, see https://www.calhfa.ca.gov/adu/index.htm.
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#### APPENDIX A | ENDNOTES

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- 52. See <a href="https://www.urban.org/sites/default/files/publication/103275/designing-accessory-dwelling-unit-regulations.pdf">https://www.urban.org/sites/default/files/publication/103275/designing-accessory-dwelling-unit-regulations.pdf</a>, accessed December 27, 2022. p. 17.
- 53. Unpermitted ADUs are more prevalent in cities with more housing regulations. See Brown, Anne, Vinit Mukhija, and Donald Shoup. 2020. "Converting Garages Into Housing." *Journal of Planning Education and Research* 40(1):56-68, p. 57.
- 54. See <a href="https://www.enterprisecommunity.org/sites/default/files/2021-06/overcoming-barriers-to-bringing-adu-development-to-scale.pdf">https://www.enterprisecommunity.org/sites/default/files/2021-06/overcoming-barriers-to-bringing-adu-development-to-scale.pdf</a>, accessed December 28, 2022, p. 27.
- 55. Albuquerque's Integrated Development Ordinance does not require owners to occupy casitas.
- 56. Ibid., according to Brookings policy reform, A handful of cities, including <u>Cambridge, Mass.</u> and <u>Culver City, Calif.</u>, have reduced or eliminated minimum parking requirements for newly built housing. Other jurisdictions, such as <u>Houston</u>, have reduced minimum lot sizes.
- 57. See Urban Land Institute May 2020 study, Unlocking ADUs in Chicago, <u>ADU\_Draft2.indd (windows.net)</u>, p. 20 recommendations.
- 58. *The State of the Nation's Housing 2022*, Joint Center for Housing Studies of Harvard University, June 22, 2022, page 10, The State of the Nation's Housing 2022 (harvard.edu).
- 59. Federal Reserve Bank of Atlanta, <u>Home Ownership Affordability Monitor Federal Reserve Bank of Atlanta (atlantafed. org)</u>, accessed January 3, 2023.
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- 61. See Terner Center, "The ABCs of JPAs: California's New Tool for Creating Middle-Income Housing," https://ternercenter.berkeley.edu/wp-content/uploads/2022/06/SPUR\_The\_ABCs\_of\_JPAs.pdf.
- 62. *July 25, 2022*, <u>2022 Terwilliger Center Home Attainability Index | ULI Knowledge Finder.</u> See particularly the interactive map for New Mexico.
- 63. See Terner Publication, December 2022, "<u>Unlocking the Potential of Missing Middle Housing</u>," <a href="https://ternercenter.berkeley.edu/wp-content/uploads/2022/12/Missing-Middle-Brief-December-2022.pdf">https://ternercenter.berkeley.edu/wp-content/uploads/2022/12/Missing-Middle-Brief-December-2022.pdf</a>, p.3, accessed Jan. 24, 2023.
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- 65. See <a href="mailto:220913\_ABQ-Housing\_Needs-Assessment Report">220913\_ABQ-Housing\_Needs Assessment Report (cabq.gov)</a>.
- 66. See https://www.cabq.gov/family/services/housing-services-programs/eviction-prevention.
- 67. State Department of Finance and Administration website, <a href="https://www.nmdfa.state.nm.us/office-of-the-secretary/">https://www.nmdfa.state.nm.us/office-of-the-secretary/</a> emergency-rental-assistance-program/, accessed Jan. 23, 2023.
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- 69. NMSA 1978, § 47-10-18.
- 70. National Association of Realtors magazine, "Rents Taking a Bigger Bite Out of Pay," March 23, 2022, https://www.nar.

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- 73. See https://www.mnhousing.gov/get/MHFA\_1040835, page 19, accessed February 1, 2023.
- 74. See "The Effect of Home Sharing on House Prices and Rents," available at: file:///C:/Users/E48688/Downloads/SSRN-id3006832.pdf, National Bureau of Economic Research (NBER) 2017, accessed Jan. 23, 2023, discovering that a 10% increase in Airbnb listings leads to a 0.42% increase in rents and a 0.76% increase in house prices. Given the 800% increase in STRs since 2011, that increase could be responsible for a 33.6% rent increase over that same time period. See also Lee, "How Airbnb Short-Term Rentals Exacerbate Los Angeles's Affordable Housing Crisis: Analysis and Policy Recommendations," Harvard Law and Policy Review, <a href="https://harvardlpr.com/wp-content/uploads/sites/20/2016/02/10.1\_10\_Lee.pdf">https://harvardlpr.com/wp-content/uploads/sites/20/2016/02/10.1\_10\_Lee.pdf</a>, accessed January 23, 2023..
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## APPENDIX B

## Resources

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## CITY OF ALBUQUERQUE

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## **Contact Information**

**E.** housingforward@cabq.gov

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