

CITY OF GALLUP

COMPREHENSIVE HOUSING MARKET ANALYSIS

Final Draft for Public Review June 2, 2020

Prepared by:



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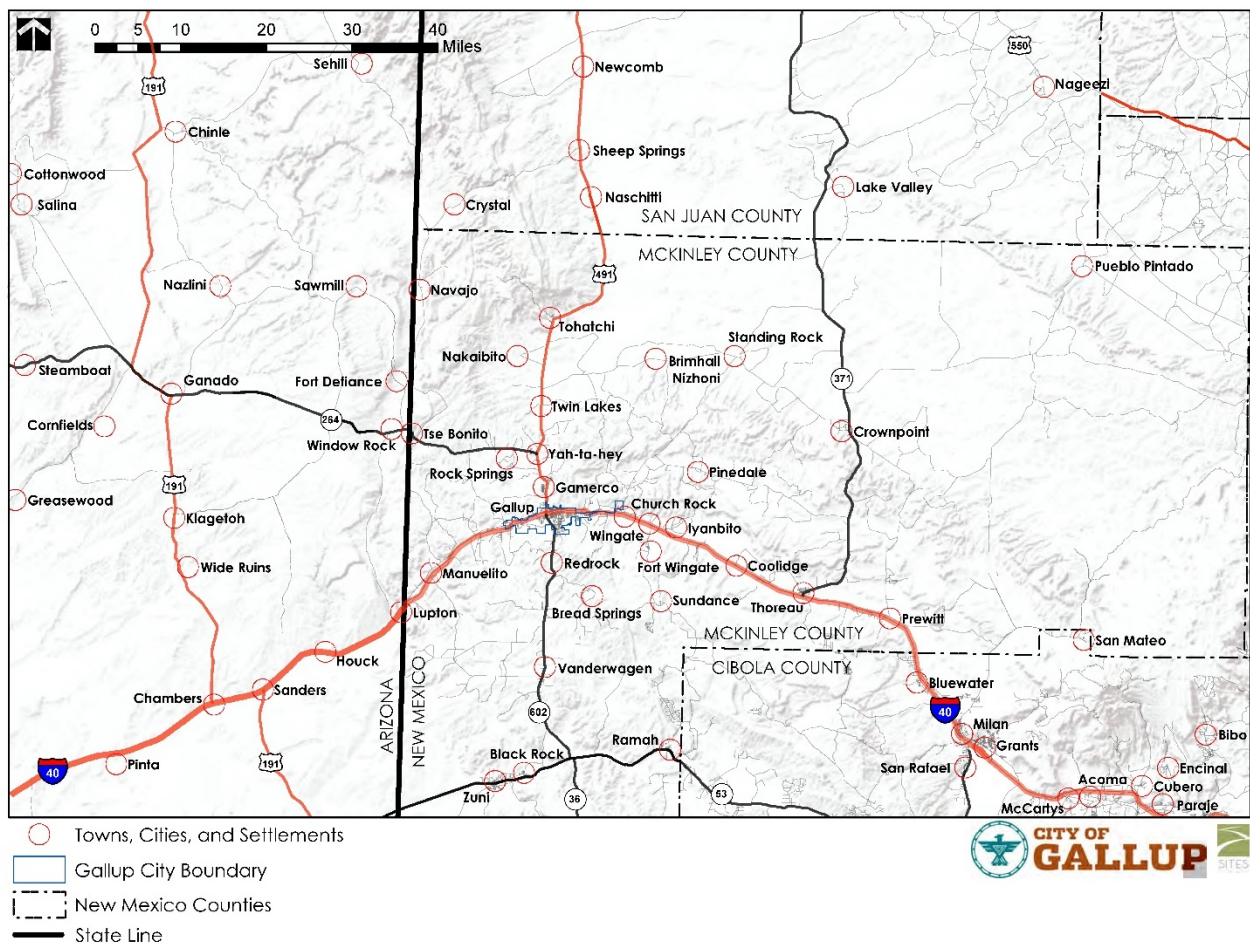
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1.0 EXECUTIVE SUMMARY

The City of Gallup is located along Interstate 40 in northwestern New Mexico eleven miles from the Arizona border. The city is surrounded by the Navajo Nation and is a retail and employment center for residents of Navajo communities.

Figure 1. Project Location and Surrounding Communities



The purpose of this plan is to identify housing needs and barriers to housing development within the City of Gallup and propose goals and implementation steps aimed at addressing housing needs. This report conforms to the guidelines set forth by the New Mexico Mortgage Finance Authority (MFA), which administers grants and technical support to New Mexico's municipalities and counties for affordable housing.

Purpose of the Housing Market Needs Analysis

The Housing Market Needs Analysis is intended to quantify Gallup's need for housing of all types and price ranges. This includes housing for homeowners and renters and all types ranging from single-family detached housing to multi-family housing and housing to meet special needs. Price ranges include market rate housing, workforce housing and affordable housing.

In addition, the plan meets the State of New Mexico's requirements for affordable housing. The State of New Mexico enacted amendments to the New Mexico Affordable Housing Act in 2007. The Affordable Housing Act permits State and local governments to provide or pay the cost of land buildings or necessary financing for affordable housing projects. Affordable housing projects are residential housing primarily for persons or households of low- or moderate-income.

Under the provisions of the Act, a municipality may:

- "A. donate, provide or pay all, or a portion, of the costs of land for the construction on the land of affordable housing;
- B. donate, provide or pay all or a portion of the costs of conversion or renovation of existing buildings into affordable housing;
- C. provide or pay the costs of financing or infrastructure necessary to support affordable housing projects; or
- D. provide or pay all or a portion of the costs of acquisition, development, construction, financing, operating or owning affordable housing."

The Act requires the local governing body to adopt an Affordable Housing Plan and Ordinance if it wishes to provide donations towards affordable housing. The experience of the City of Gallup and the analyses conducted for this plan indicate that such donations will help the City accomplish its housing goals.

Policy Framework

The City of Gallup has adopted several studies and plans that establish a framework for meeting the housing needs of Gallup's residents. These documents contain information on trends and the City's long-term vision for housing. The key points and adopted goals and policies from each document are summarized as follows.

Growth Management Master Plan Update, 2016

The City of Gallup adopted a Growth Management Master Plan in 2009 that contained detailed information about housing. The Master Plan was updated in 2016, and the details of the 2009 document were incorporated by reference. The Growth Management Plan Update updated housing data from the 2009 plan and provided an assessment of housing trends since its adoption. The current housing market and needs analysis updates the information in the Growth Management Master Plan.

Land Use Policies

The City of Gallup Growth Management Master Plan Update, 2016 promotes many policies to encourage more housing that can serve a range of incomes and support efficient land use and space utilization (pages I-5 – I-8). The City's Land Use Goal states: *"Promote progressive land use planning and regulations to protect the health, safety and general welfare of the residents of the city and visitors to the city, and promote the economy, convenience and good appearance of the community."* This goal is supported by policies encouraging compact and well-served development, prioritizing appropriate sites for low-income and senior housing, updating zoning to encourage a mix of uses, and varied lot sizes. In Gallup's historic downtown and older mixed-use neighborhoods, the update supports reduced side setbacks to maintain a consistent street wall where feasible and innovative solutions to develop housing on upper floors.

2016 Goal and Objectives for Housing

The Growth Management Plan identifies a key goal for each plan element, with a series of objectives to implement the goal and action steps to accomplish each objective. The City's goal for housing is to *"Ensure the provision of safe, quality and sustainable housing for all Gallup citizens."*

Objectives that support this goal are:

1. Balance the development of new housing by housing types and income levels in the city as a whole.
2. Encourage mixed-income housing and infill development, update zoning to accommodate nontraditional housing including micro-units and other innovative affordable housing solutions.
3. Adjust permit fees for utility extensions in new residential areas to assure that the City is not creating unreasonable financial barriers to housing development.
4. Educate and provide maintenance assistance to property owners with rundown homes, including housing renovation and weatherization.
5. Develop a program to remove derelict houses and build replacement housing units in various locations within the community.
6. Promote full renovation and occupancy and an increase in the number of public housing units in the city.
7. Support transitional housing and homeless shelter development.
8. Work with local financial institutions, UNM-Gallup, the school district, and non-profit organizations to conduct financial literacy programs for home buyers, offered at high schools in Gallup, UNM-Gallup and for members of the general public.
9. Work with homeless services providers to create and publicize a directory of available housing alternatives and services for homeless.



10. Continue to improve the quality of life and municipal services provided by the city to strengthen neighborhoods and encourage builders to develop needed housing in or adjacent to these neighborhoods.

The 2009 Growth Management Plan, adopted by the Gallup City Council, is a comprehensive policy guide to decisions about Gallup's physical development. The plan includes an extensive Housing Element that meets the state requirements for an affordable housing plan. The 2016 Plan updated demographic and economic conditions and described the housing trends and the City's housing goals, policies and actions at the time:

Significant Findings

- Housing growth was not as strong as originally projected, with actual new housing construction of only 29 percent of the projected growth. Development was slow in both single-family and mixed-use housing.
- Vacancy rates had fallen, indicating continuing demand for rental housing. No public housing units were vacant. There were also no unused Section 8 vouchers to meet the need for affordable rental housing.
- Household size had continued to fall, which with a population increase in the City indicated a need for more housing to meet the needs of smaller households.¹
- Incomes had fallen, with an increase in the number of households earning less than \$35,000.
- The Hooghan Hozho apartments were scheduled to open at the end of the year.

Gallup Downtown Redevelopment Plan: A Metropolitan Redevelopment Plan, 2015

The Gallup City Council designated downtown Gallup as a Metropolitan Redevelopment Area (MRA) and identified catalytic projects to counter blighted conditions. Downtown Gallup is predominantly non-residential, although approximately five percent of the land area within the MRA boundary is residential. Residential uses are located along the edges of the MRA adjacent to historic neighborhoods south of downtown.

The approximately 50 residences are a combination of single-family, duplexes and triplexes. Aging homes provide an opportunity for restoration or replacement with higher density housing. The plan notes the poor condition of much of downtown's housing stock and resulting lower home values.

The development of quality housing in downtown is a goal of the MRA Plan though adaptive reuse, infill and new mixed use and higher density residential development. Specific projects to be private sector initiated include adaptive reuse of the city owned property and historic hotel at the southwest corner of Third Street and Route 66 as mixed-use/residential and residential mixed-use at the corner of East Coal Avenue and South Puerco Drive to increase a 24-hour presence downtown. The plan recommends that

¹ Since the adoption of this plan, the Census has updated the population and household numbers, which shows a lower population and fewer households than what were estimated at the time.

the City provide technical assistance to entities interested in developing mixed-use projects. The Hooghan Hozho mixed income family housing was mentioned as a positive example of higher density development that provides an infusion of residential development in the heart of downtown.

City of Gallup Strategic Plan, 2018

The Strategic Plan sets out the vision, goals and policy and management agendas for City operations. This document and the tracking document that accompanies it set out specific tasks for FY2019 and an accounting of what has been accomplished. The Strategic Plan outlines a broad agenda for all city departments. The goal directly related to housing is a “more livable community for all”, while goals for infrastructure and facility upgrades, and a financially sound city that provides exceptional services and growing the local economy will also benefit housing by providing opportunities and stronger neighborhoods. The top goal related to housing included updated Land Development Standards (LDS), which has been adopted and allows for a mix of high-quality residential development in Gallup. This includes the types of mixed-use and infill projects that can revitalize the downtown and stabilize neighborhoods. Projects that help the City implement housing goals include an inventory of City-owned real properties.

Affordable Housing Ordinance

The City of Gallup adopted its Affordable Housing Ordinance in 2007 (Ord. 2007-06, 7-24-2007) with the purpose of implementing the Gallup affordable housing program by ensuring eligible low- or moderate-income housing recipients and housing providers meet the requirements of the State’s Affordable Housing Act.

Report Contents

The report contains the following chapters:

Community and Housing Profile. The Community and Housing Profile reports key indicators related to population demographics, household characteristics and the local economy in Gallup.

Housing Market Analysis. The Housing Market Analysis describes and analyses the current housing market, including housing conditions and the cost and availability of housing for sale and for rent.

Housing Needs Assessment. The Housing Needs Assessment identifies needs for affordable and market rate housing based on demographics, the local economy, needs expressed by local employers, and the housing preferences of people who live and work in Gallup.

Land Use and Policy Recommendations. The Land Use and Policy chapter reviews the City’s regulations and policies and their impact on housing. The recommendations address issues that were discussed by the project Working Group and in community and employer surveys.

Goals Policies, and Objectives. This section lists out the City’s goals, policies, and objectives to meet housing demand for Gallup residents and workers that were developed from input from the Working Group, stakeholders, and the survey responses.

Appendices. The appendices include detailed summaries of public outreach results, funding sources, and housing resources that can help implement the plan.



Methodology

Data Collection

The community profile and base information about the housing market and housing needs was collected from third party sources. Data sources include the following:

- Historical information from the 2009 Gallup Growth Management Master Plan and the 2016 update
- Historical information from the 2010 US Census and American Community Survey, Five Year Estimates, 2006-2010
- American Community Survey, Five-Year Estimates, 2014-2018 for current estimates
- American Community Survey, Five-Year Estimates, 2013-2017 for current estimates not available for 2018
- New Mexico Department of Workforce Solutions statistical reports for employment, unemployment, and wage data
- A survey of rental properties in Gallup
- MLS housing sales data
- A review of available rental housing through on-line sources, Craigslist, Zillow and Realtor.com

Working Group

A project Working Group composed of local employers, major land owners, real estate and lending professionals, developers, housing non-profits and City staff contributed knowledge of the local housing market and housing needs from their experience in Gallup, the impact of housing on their organizations, their perceptions of barriers to meeting housing needs and potential solutions. The group met three times to provide initial input into the plan, identify local information sources and to discuss initial findings and additional information to be included in the draft report. The group convened a third time to review the draft plan and provide feedback before it was finalized. The Working Group meeting summaries are included in Appendix A.

Stakeholder Interviews

In addition to the Working Group and community surveys, Sites Southwest staff reached out to 34 stakeholders and received detailed input from 12 key stakeholders who represent real estate and lending professionals, housing providers, service providers and major employers. The stakeholder interviews provided insight into housing issues and the impact of housing on the community. These interview summaries are in Appendix B.

Surveys

Two surveys were conducted in February and March 2020 to get information about housing needs from the perspective of local businesses and from community residents and the local workforce. Information about the surveys and links to the surveys were publicized through local business organizations, the City of Gallup website, the local newspaper and to all business license holders with email addresses. Paper

copies of the community survey were distributed at the annual Gallup Housing Summit. A total of 156 community surveys and 23 employer surveys were completed. Survey results are reported in Appendix C.

Summary of Findings

The report findings are based on data analysis and analysis of Working Group discussions, interviews, and survey results. Housing is clearly a major concern for local employers, the local workforce, and community residents.

Several issues emerged from the analysis. These are described below as common recurring themes and housing preferences.

Recurring Themes

Housing Availability

- There is a housing shortage in general. Few units are available for sale or for rent.
- New residents who have recently accepted employment offers find that it is difficult to find rental housing, and rents are higher than many workers can afford.
- A significant percentage of the local workforce accepts jobs in Gallup on a term or temporary basis. This includes teachers and medical personnel who have contracts for one or a few years. Some large employers provide housing, but most do not. It is common for these workers to rent rooms rather than their own apartment or house.

Housing Conditions

- Housing stock is old and in poor condition. Landlords have no incentive to invest in maintenance or rehabilitation. Owner modifications can be poor quality.
- Vacant, abandoned homes are a problem.

Housing Choice

- People can't move up or down because of the lack of inventory and range of choices.
- Entry level professionals and service workers need housing affordable to them. Very little is available for workforce housing.
- Choices for higher wage earners are limited. There is a need for more market rate housing, both rental housing and housing for sale.
- Temporary workers, such as visiting nurses, short term medical staff and teachers, need higher quality rental options.
- Middle density housing like townhouses and duplexes are an option for affordability. Gallup needs good models of these housing types.

Barriers to New Housing Construction

- Construction costs are high. The rate of construction does not allow for economies of scale.
- Soils and topography are difficult.



- There are local builders, but there are no local architects and there are limited skilled tradesmen, such as electricians, plumbers, etc. Often developers bring in their own tradesmen.
- Infrastructure upgrades are needed to support new development.

Impact of Housing Needs on the Community

- The lack of housing is a barrier to economic development.

Local Resources

- There are local resources, including private land and non-profits who have an interest in improving housing options. Non-profit organizations provide home buyer education, affordable housing, and financial assistance. The City could help promote these programs to residents.
- There is vacant land that could be developed. Land owned by the city or other public entities could be an incentive for affordable and workforce housing developers.
- The Greater Gallup Industrial Workforce Program and UNM-Gallup's Construction Technology Program provide construction training to locals. GGEDC's program helps build homes.
- The City could assist with infrastructure improvements, including public assistance to help the private sector fund infrastructure through a public improvement district, special assessment district or bond funding.
- Schools and hospitals could participate in housing projects that serve their employees. Some of these institutions already provide some employee housing.

Housing Preferences

Based on survey responses, the preferences were expressed by residents, workers and employers:

- 65 percent of people who responded to the community survey would consider moving to a home that better meets their needs. A newer home is the top reason to move.
- 74 percent of survey respondents would prefer to buy.
- A larger single-family home is the highest-ranking housing type preference, followed by a smaller single-family home and a home with "mother in law" quarters. Mobile homes are the least preferred housing type.
- The top five factors in housing decisions in order of preference are price, outdoor space, home size, home type, and energy efficiency.
- Over half of respondents would consider a small lot (less than 5,000 square feet).
- Over half would consider a townhouse.
- The top choice for number of bedrooms is a three-bedroom home, but nearly a third prefer four bedrooms.
- Over half of respondents want a two parking spaces or a two-car garage.
- Employers note a need for market rate long term rentals.
- When the preferences of residents at different income levels are analyzed, preferences are similar in most cases. There are some differences.
 - Survey respondents at all income levels would prefer to buy, although households with incomes below \$25,000 are more likely to consider either buying or renting than higher income households.
 - The percentage of respondents that prefer to rent rather than buy varies from 14 percent in the \$25,000 to \$49,999 income range to four percent of households in the

\$75,000 to \$99,999 range. Those with incomes below \$25,000 and above \$100,000 do not prefer to rent.

- For households with incomes up to \$100,000, a larger single-family home or a smaller single-family home are the top preferred types—both move-up buyers and those seeking to downsize. Those with incomes above \$100,000 prefer a larger single-family home or one with accessory dwelling structures (known as in-law units).
- Survey respondents with incomes up to \$75,000 prefer three bedrooms, two baths and a two-car garage. Residents with incomes above \$75,000 prefer 3 to 4 bedrooms, two or more bathrooms, and those with incomes above \$100,000 prefer a three-car garage.
- Households with lower incomes are more likely to consider a small lot or a townhouse, but there is some interest in these product types at all income levels.

How the City Can Help Meet Housing Needs

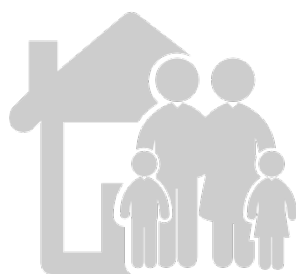
- A continuum of housing types that includes smaller lots, attached units, and higher density apartments will provide a range of options for local workers. The City has enabled a variety of housing types in its Land Development Standards.
- The revitalizing downtown area is a logical location for higher density housing. Key properties for mixed-use and residential adaptive reuse and new construction have been identified in the City's Downtown MRA plan.
- Moderately dense housing types, known as the "missing middle" might be an appropriate scale for Gallup. These housing types are denser than a single-family residence, but not as large as mid-rise apartment building. As shown in Figure 2 below, there are number of configurations for middle-density housing.
- Policies/ordinances that encourage productive use of vacant buildings and land are needed. The new Zoning Code (LDS) could be supplemented by:
 - Vacant buildings ordinance that's more stringent requiring property owners to maintain their structures.
 - Infrastructure standby charge for vacant properties.
 - Continued code enforcement and implementation of the Clean and Lien Program.

Figure 2. The "Missing Middle" Housing Types



Executive Summary

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2.0

COMMUNITY & HOUSING PROFILE

Community Profile

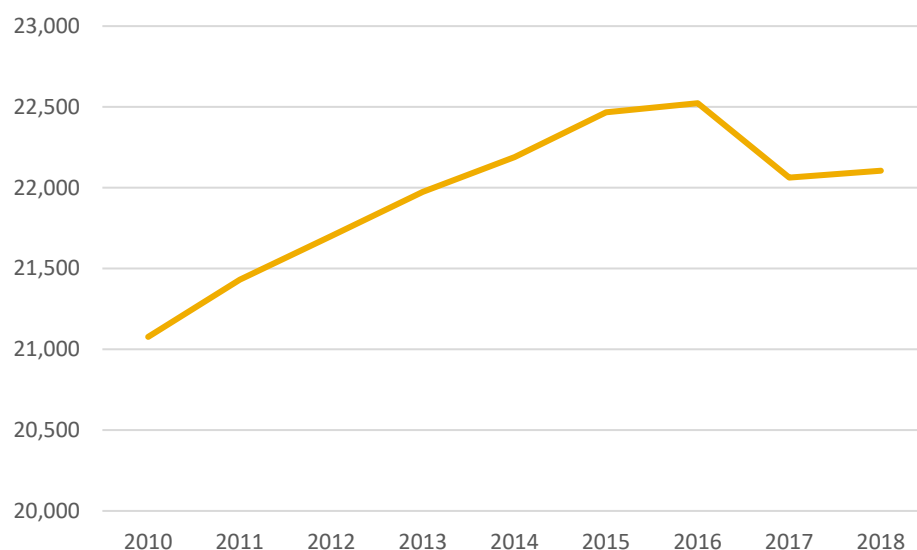
Demographics

Gallup's population has increased steadily since 2000, even though McKinley County estimates indicate a small decrease in the County population (see Table 1). The estimated population increase is over nine percent from 2000 to 2018, although there has been a slight decrease since 2016, as illustrated in Figure 3.

Table 1. Population Trends

	US Census (as of April 1)		Census Population Estimates (as of July 1)							
	2000	2010	2011	2012	2013	2014	2015	2016	2017	2018
New Mexico	1,819,046	2,059,179	2,037,136	2,055,287	2,069,706	2,080,085	2,084,117	2,082,669	2,084,828	2,092,434
McKinley County	74,798	71,492	71,290	71,888	72,373	73,082	73,998	74,346	72,849	72,849
Gallup	20,209	21,678	21,431	21,701	21,975	22,189	22,467	22,523	22,063	22,105

Source: US Census, American Community Survey, 5-year Estimate, 2014-2018

Figure 3. Population Trends

Source: US Census, American Community Survey, 5-year Estimate, 2014-2018

Household Characteristics

Census estimates report that the number of households has increased in Gallup by approximately 15.6 percent since 2010, but the size of family households has decreased as shown in Table 2. Compared to McKinley County, which has experienced a decrease in total populations of 7.6 percent and an increase in household size of 10.2 percent.

The number of family households had increased by almost 3 percent in Gallup, but the number of non-family households has increased by more than 27 percent.

Approximately 87 percent of non-family households in Gallup in 2018 are people living alone, and the number of people 65 or older who are living alone has increased by more than 70 percent.

Table 2. Household Characteristics and Trends, 2010-2018

	McKinley County	Gallup	McKinley County	Gallup	McKinley County	Gallup
	2010		2018		% Change 2010-2018	
Total households	21,968	6,255	20,295	7,233	-7.6%	15.6%
Family households	16,219	4,245	14,182	4,678	-12.6%	10.2%
Married couple	8,956	2,681	7,425	2,758	-17.1%	2.9%
Male householder (no wife present)	1,890	261	1,510	419	-20.1%	60.5%
Female householder (no husband present)	5,373	1,303	5,247	1,501	-2.3%	15.2%
Non-family households	5,749	2,010	6,113	2,555	6.3%	27.1%
Householder living alone	4,926	1,766	5,464	2,213	10.9%	25.3%

	McKinley County	Gallup	McKinley County	Gallup	McKinley County	Gallup
Householder living alone & 65 or older	1,545	563	2,029	958	31.3%	70.2%
Average household size	3.22	3.23	3.55	2.99	10.2%	-7.4%
Average family size	3.82	4.09	4.45	3.86	16.5%	-5.6%

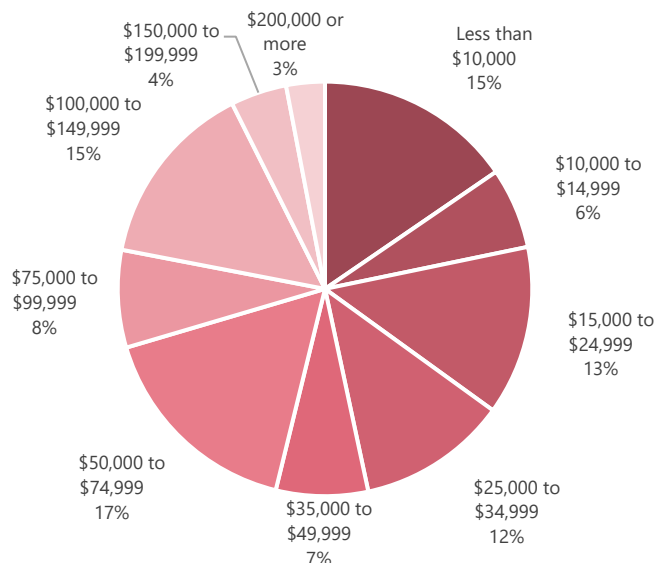
Source: US Census, American Community Survey 5-Year Estimates 2014-2018, DP-2

Income

The 2018 median household income in Gallup is \$44,768, which is 41 percent higher than the McKinley County median of \$31,674 but seven percent lower than the state median of \$48,059. As shown in Table 3 and Table 4, the median household income in both the County and Gallup has increased since 2010. Families have fared better than non-family households, with median non-family household income decreasing between 2010 and 2018.

Gallup's household income distribution is shown in Figure 4. Nearly half of all households have incomes below \$35,000 per year.

Figure 4. Household Income Distribution, 2018



Source: US Census, American Community Survey Five-Year Estimates, 2014-2018

When compared to 2010, Census estimates for 2018 show that in both McKinley County and Gallup the number of households with incomes below \$10,000 has increased. The percentage of households in McKinley County with incomes below \$35,000 remained the same from 2010 to 2018 at 54 percent, while in the City of Gallup, the percentage of households with incomes below \$35,000 increased from 43 percent to 47 percent. The increase in single person households, including single person households with a householder aged 65 or more could have contributed to this trend in Gallup.

Table 3. Household Income Distribution, 2010 and 2018

	McKinley County	Gallup	McKinley County	Gallup
	2010		2018	
Total Households	17,631	6,255	20,295	7,233
Less than \$10,000	3,023	666	3,832	1,117
\$10,000 to \$14,999	1,463	515	1,688	456
\$15,000 to \$24,999	2,721	885	3,027	956
\$25,000 to \$34,999	2,285	608	2,419	845
\$35,000 to \$49,999	2,516	869	2,133	519
\$50,000 to \$74,999	2,655	1,087	2,997	1,201
\$75,000 to \$99,999	1,293	572	1,598	550
\$100,000 to \$149,999	1,239	720	1,779	1,054
\$150,000 to \$199,999	271	197	469	317
\$200,000 or more	165	136	353	218
Median household income	\$31,335	\$43,750	\$31,674	\$44,768

Source: US Census, American Community Survey 5-Year Estimates 2014-2018, DP-3

Table 4. Family and Non-Family Household Incomes

Income Range and Household Type	2010				2018			
	McKinley County		Gallup		McKinley County		Gallup	
Families	12,389		4,245		14,182		4,678	
Less than \$10,000	1,425	11.50%	467	11.00%	1,971	13.90%	650	13.9%
\$10,000 to \$14,999	979	7.90%	306	7.20%	950	6.70%	182	3.9%
\$15,000 to \$24,999	1,623	13.10%	399	9.40%	2,028	14.30%	529	11.3%
\$25,000 to \$34,999	1,821	14.70%	518	12.20%	1,744	12.30%	440	9.4%
\$35,000 to \$49,999	1,896	15.30%	590	13.90%	1,546	10.90%	220	4.7%
\$50,000 to \$74,999	2,168	17.50%	743	17.50%	2,539	17.90%	1,024	21.9%
\$75,000 to \$99,999	1,115	9.00%	446	10.50%	1,347	9.50%	430	9.2%
\$100,000 to \$149,999	991	8.00%	501	11.80%	1,432	10.10%	842	18.0%
\$150,000 to \$199,999	248	2.00%	161	3.80%	369	2.60%	229	4.9%
\$200,000 or more	136	1.10%	115	2.70%	255	1.80%	131	2.8%
Median income	\$37,345		\$46,474		\$38,237		\$58,609	
Non-Families	5,242		2,010		6,113		2,555	
Less than \$10,000	1,683	32.10%	223	11.10%	2,097	34.30%	570	22.3%
\$10,000 to \$14,999	540	10.30%	227	11.30%	807	13.20%	304	11.9%
\$15,000 to \$24,999	1,111	21.20%	482	24.00%	941	15.40%	350	13.7%
\$25,000 to \$34,999	451	8.60%	96	4.80%	727	11.90%	404	15.8%
\$35,000 to \$49,999	629	12.00%	271	13.50%	593	9.70%	322	12.6%
\$50,000 to \$74,999	419	8.00%	330	16.40%	287	4.70%	148	5.8%
\$75,000 to \$99,999	152	2.90%	127	6.30%	202	3.30%	102	4.0%
\$100,000 to \$149,999	204	3.90%	195	9.70%	306	5%	212	8.3%
\$150,000 to \$199,999	31	0.60%	34	1.70%	67	1.10%	59	2.3%
\$200,000 or more	21	0.40%	22	1.10%	92	1.50%	84	3.3%
Median income	\$20,076		\$28,523		\$16,078		\$26,858	

Source: US Census, American Community Survey 5-Year Estimates, S1901

Homeowners in Gallup have much higher incomes than renters. In 2018, the estimated median household income for homeowners was \$58,237 compared to \$21,348 for renters (see Table 5). Over 60 percent of renters have incomes below \$35,000, and approximately 40 percent have incomes below \$15,000. However, there are low-income homeowners as well, and the number of owner households with incomes below \$10,000 has increased since 2010. In 2018, the estimated percentage of homeowners with incomes below \$35,000 was 36 percent, and the estimated percentage with incomes below \$15,000 was 10 percent.

Even though renters tend to be lower income on average than homeowners, there are renter and owner households in all income ranges, indicating demand for a range of housing types and prices.

Table 5. Income by Tenure

Income Range and Tenure	2010		2018	
	McKinley County	Gallup	McKinley County	Gallup
Owner-occupied	12,945	3,897	14,426	4,314
Less than \$5,000	787	77	1,155	211
\$5,000 to \$9,999	1,167	70	1,192	99
\$10,000 to \$14,999	1,021	223	1,045	117
\$15,000 to \$19,999	846	121	1,180	328
\$20,000 to \$24,999	965	272	971	231
\$25,000 to \$34,999	1,674	344	1,891	587
\$35,000 to \$49,999	1,886	552	1,556	297
\$50,000 to \$74,999	2,011	830	2,217	812
\$75,000 to \$99,999	1,145	514	1,193	391
\$100,000 to \$149,999	1,039	572	1,421	827
\$150,000 or more	404	322	605	414
Median household income	\$35,082	\$57,675	\$33,736	\$58,237
Renter-occupied	4,686	2,358	5,869	2,919
Less than \$5,000	447	180	775	441
\$5,000 to \$9,999	622	339	710	366
\$10,000 to \$14,999	442	292	643	339
\$15,000 to \$19,999	364	185	520	286
\$20,000 to \$24,999	546	307	356	111
\$25,000 to \$34,999	611	264	528	258
\$35,000 to \$49,999	630	317	577	222
\$50,000 to \$74,999	644	257	780	389
\$75,000 to \$99,999	148	58	405	159
\$100,000 to \$149,999	200	148	358	227
\$150,000 or more	32	11	217	121
Median household income	\$24,137	\$23,418	\$24,013	\$21,348

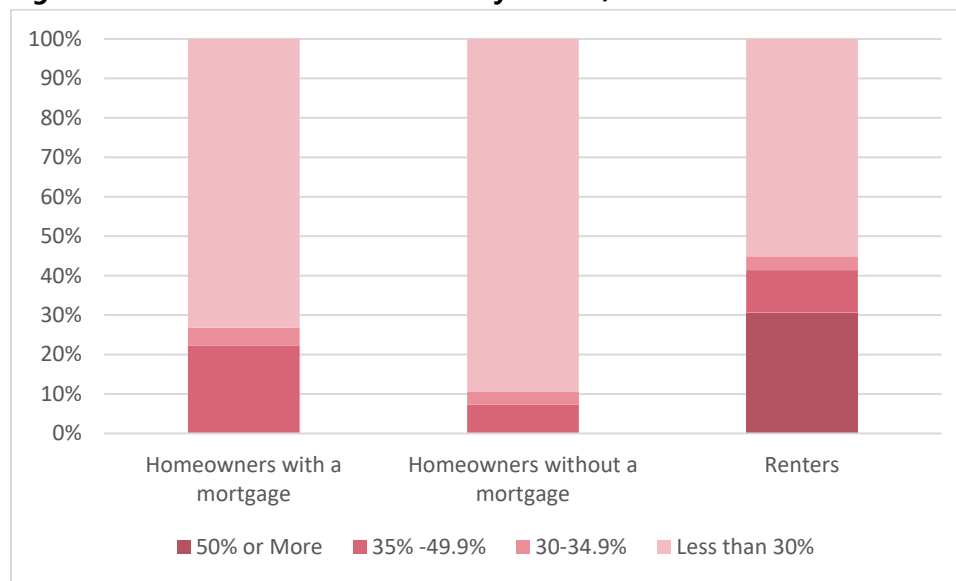
Source: US Census, American Community Survey 5-Year Estimates 2014-2018, B25118

Households are considered to have a housing cost burden when they pay more than 30 percent of their income for housing. When housing costs exceed 30 percent of income, a household may have difficulty

affording necessities such as food, clothing, transportation, and medical care. The Census reports cost burden by tenure and by income level. Monthly owner costs include mortgage, second mortgage and/or home equity loans, real estate taxes, homeowner's insurance, condo or homeowner association fees, mobile home costs (installment loan payments, property taxes and registration and license fees), and utilities. Monthly rent costs include rent and utilities.

When looked at by tenure, the Census reports several levels of housing costs as a percentage of income. The indicators of a cost burden are set at 30 percent to 34.9 percent and 35 percent and above. Homeowners without a mortgage are the least cost-burdened, with approximately eleven percent of households without a mortgage experiencing a cost burden. Approximately 27 percent of homeowners with a mortgage experience a cost burden, and 45 percent of renters experience a cost burden. Most cost-burdened households spend 35 percent or more of their income on housing. The more detailed information available for renters shows that just over 30 percent of renters are severely cost burdened, which means that they pay more than 50 percent of their income for rent.

Figure 5. Cost-Burdened Households by Tenure, 2018



Source: US Census, American Community Survey 5-Year Estimates 2014-2018, B25118

When income level is considered, lower income households are the most likely to experience a cost burden. Homeowners in Gallup with incomes below \$35,000 are the most likely to experience a cost burden as shown in Table 6, although higher income households in the \$50,000 to \$75,000 income range are more likely to spend a higher percentage of their income on housing than other higher income groups. Renters with incomes below \$20,000 are the most likely to experience a cost burden. In Gallup, no homeowners with incomes of \$75,000 and above or renters with incomes of \$50,000 and above are cost burdened.

Table 6. Cost-Burdened Households by Tenure and Household Income Range, 2018

Income Range and Tenure	McKinley County		Gallup	
	Number of Households	Percent Cost Burdened	Number of Households	Percent Cost Burdened
Total Households (Occupied)	20,295	18.6%	7,233	27.1%
Owner-occupied housing units	14,426	13.9%	4,314	18.5%
Less than \$20,000	3,879	66.9%	615	43.4%
\$20,000 to \$34,999	2,862	21.1%	818	32.9%
\$35,000 to \$49,999	1,556	2.7%	297	5.4%
\$50,000 to \$74,999	2,217	9.3%	812	18.3%
\$75,000 or more	3,219	0.0%	1,632	0.0%
Zero or negative income	693	NA	140	NA
Renter-occupied housing units	5,869	30.2%	2,919	39.7%
Less than \$20,000	1,839	25.2%	1,180	84.1%
\$20,000 to \$34,999	642	3.8%	314	10.2%
\$35,000 to \$49,999	453	1.2%	222	5.7%
\$50,000 to \$74,999	691	0.0%	358	0.0%
\$75,000 or more	894	0.0%	507	0.0%
Zero or negative income	241	NA	132	NA
No cash rent	1,109	NA	206	NA

Source: US Census, American Community Survey, 5-year Estimate, 2014-2018

Sources of Income

Sources of income include earnings, Social Security, retirement income, Supplemental Security Income, cash public assistance and food stamp/SNAP benefits. In Gallup, nearly three-fourths of households have earnings from wages, salaries and self-employment; an estimated 28 percent have income from Social Security; 19 percent have retirement income; seven percent have Supplemental Security Income, and four percent receive cash public assistance (see Table 7). An estimated 17 percent receive food stamps/SNAP benefits. Mean income from Social Security, retirement, SSI, and cash public assistance is very low relative to earnings, even when these sources are combined.

When compared to the state, Gallup income sources are similarly distributed. Mean income from the different sources is also similar, although a smaller percentage of Gallup residents receive Social Security than the state average, and mean cash public assistance income is higher in Gallup for those household that receive that benefit.

Table 7. Sources of Income, 2018

Source of Income	Gallup	% of Households	New Mexico
Median household income	\$44,768		\$47,169
Mean household income	\$62,789		\$66,752
With earnings	5,316	73.5%	71.6%
Mean earnings	\$66,655		\$67,310
With Social Security	2,049	28.3%	34.8%
Mean Social Security income	\$16,915		\$18,010
With retirement income	1,382	19.1%	21.1%
Mean retirement income	\$25,669		\$29,764
With Supplemental Security Income	493	6.8%	6.8%
Mean Supplemental Security Income	\$9,630		\$9,212
With cash public assistance income	321	4.4%	3.7%
Mean cash public assistance income	\$3,499		\$2,227
With Food Stamp/SNAP benefits in the past 12 months	1,235	17.1%	17.3%

Source: US Census, American Community Survey, 5-year Estimate, 2014-2018

Poverty Rate

Individuals and families with incomes below the poverty level are most likely to need housing assistance. Gallup's median household income in 2018 was \$2,400 lower than the state average and more than \$18,000 lower than the US median household income. An estimated 40 percent of Gallup residents, including 44 percent of families, have annual incomes below the poverty level. The New Mexico average is 20 percent of the state's population and 35 percent of families. The national poverty rate in 2018 was 12 percent.

Families in Gallup that are most likely to have incomes below the poverty level are female-headed households with children under five years old, and large families with children. Over 30 percent of all renters, and two-thirds of female headed households that rent have incomes below the poverty level.

Table 8. Poverty Status of Families, 2018

	Percent below poverty level		
	All Families	Married Couple Families	Female head of household, no husband present
Families	24.8%	11.1%	43.7%
With related children of householder under 18 years	36.3%	18.8%	49.4%
With related children of householder under 5 years	46.6%	31.7%	61.3%
With related children of householder under 5 years and 5 to 17 years	28.3%	16.5%	41.4%
With related children of householder 5 to 17 years	35.3%	15.0%	48.6%
Families with a householder who is--			
White alone	12.7%	10.8%	19.3%
Black or African American alone	0.0%	0.0%	-
American Indian and Alaska Native alone	40.7%	16.8%	51.8%
Asian alone	24.5%	6.8%	0.0%
Native Hawaiian and Other Pacific Islander alone	-	-	-
Some other race alone	14.1%	3.5%	50.0%
Two or more races	26.4%	21.0%	32.2%
Hispanic or Latino origin (of any race)	17.9%	17.6%	14.8%
White alone, not Hispanic or Latino	7.5%	3.1%	19.5%
Householder worked	17.1%	11.2%	26.6%
Householder worked full-time, year-round in the past 12 months	11.5%	7.2%	22.6%
Householder 65 years and over	10.5%	4.2%	29.0%
Educational Attainment of Householder			
Less than high school graduate	22.5%	20.0%	35.1%
High school graduate (includes equivalency)	38.2%	17.0%	57.5%
Some college, associate degree	24.5%	10.3%	42.3%
Bachelor's degree or higher	5.8%	3.1%	16.0%
Number of Own Children of the Householder under 18 Years			
No own child of the householder	9.6%	3.6%	18.8%
1 or 2 own children of the householder	37.6%	20.0%	56.7%
3 or 4 own children of the householder	42.0%	18.8%	74.7%
5 or more own children of the householder	100.0%	--	100.0%
Number of People in Family			
2 people	15.2%	4.5%	30.3%
3 or 4 people	31.5%	11.6%	50.3%
5 or 6 people	34.0%	23.1%	89.3%
7 or more people	9.2%	100.0%	0.0%
Tenure			
Owner-occupied	12.3%	8.5%	14.8%
Renter-occupied	46.7%	19.3%	66.0%

Source: US Census, American Community Survey, 5-year Estimate, 2014-2018

Local Economy

Gallup Economy Summary

The Greater Gallup Economic Development Corporation (GGEDC) has identified three industry clusters that match well with the region's strengths. These are transportation, energy and health. Strategically located along Interstate 40, the City is well positioned as a location for distribution and access to major markets in Arizona, Colorado, Nevada, Texas and Utah. The San Juan basin, which encompasses the northeast part of McKinley County, has a long history of oil and gas production. The economic goals of the region include capitalizing on resource development and supportive business industries. As a regional health care hub for northeast New Mexico, facilities in Gallup serve a large portion of the Navajo Nation. Healthcare will continue to be a significant base industry for Gallup into the future.

In addition to these target industries, Gallup plays major regional roles as a retail center for a trade area of nearly 75,000 and a tourist destination for visitors to the southwest. The surrounding cultural and natural resources, recreational opportunities and local arts draw visitors from around the world.

The Gallup region's top employers are concentrated in education, medical, retail, government, and energy with additional opportunities in manufacturing, rail transport, electric power distribution, and telecommunications.

County Employment and Wages

Gallup residents are employed in a wide variety of industries and occupation types. The largest industry classification for Gallup residents is educational services, health care and social assistance, which accounts for 35 percent of resident employment. Nearly 45 percent of employed residents work in management, business, science and arts occupations as shown in Table 9.

Table 9. Employed Residents by Industry and Occupation, 2018

		Management, business, science, and arts occupations	Service occupations	Sales & office occupations	Natural resources, construction, & maintenance occupations	Production, transportation, & material moving occupations
Civilian employed population 16 years and over	8,357	44.6%	17.7%	22.2%	6.8%	8.8%
Industry						
Agriculture, forestry, fishing and hunting, and mining	326	32.8%	5.8%	2.1%	51.5%	7.7%
Construction	250	0.0%	0.0%	4.8%	81.6%	13.6%
Manufacturing	270	5.6%	0.0%	10.4%	0.0%	84.1%
Wholesale trade	72	0.0%	0.0%	75.0%	0.0%	25.0%
Retail trade	836	10.3%	1.8%	66.7%	4.7%	16.5%
Transportation and warehousing, and utilities	199	14.1%	0.0%	8.5%	29.6%	47.7%

		Management, business, science, and arts occupations	Service occupations	Sales & office occupations	Natural resources, construction, & maintenance occupations	Production, transportation, & material moving occupations
	Total					
Information	200	48.5%	13.0%	38.5%	0.0%	0.0%
Finance and insurance, and real estate and rental and leasing	228	57.5%	0.0%	42.5%	0.0%	0.0%
Professional, scientific, and management, and administrative and waste management services	960	53.4%	12.4%	23.3%	5.0%	5.8%
Educational services, and health care and social assistance	2,940	67.5%	20.8%	11.7%	0.0%	0.0%
Arts, entertainment, and recreation, and accommodation and food services	804	15.3%	47.1%	19.3%	1.1%	17.2%
Other services, except public administration	439	36.4%	21.0%	34.6%	7.3%	0.7%
Public administration	833	57.6%	25.8%	15.4%	1.2%	0.0%

Source: US Census, American Community Survey, 5-year Estimate, 2014-2018

The New Mexico Department of Workforce Solutions tracks jobs and wages by industry by place of work. Table 10 includes both full-time and part-time workers and shows the annual average of jobs and weekly wages in McKinley County. The table also includes a comparison of McKinley County wages to the state. Overall, McKinley County wages are 77 percent of the state average, although wages relative to the state average vary by industry.

Table 10. Jobs and Wages by Industry for McKinley County vs. the State of New Mexico, 2018

Industry	McKinley County		New Mexico
	Average Annual Jobs	Annual Average Weekly Wage	Annual Average Weekly Wage
Accommodation and Food Services	2,831	\$280	\$365
Administrative and Waste Services	444	\$469	\$703
Agriculture, Forestry, Fishing & Hunting	11	\$616	\$601
Arts, Entertainment, and Recreation	445	\$603	\$514
Construction	690	\$737	\$942
Educational Services	2,649	\$812	\$833
Finance and Insurance	400	\$660	\$1,217
Health Care and Social Assistance	5,438	\$785	\$856
Information	190	\$542	\$998
Management of Companies and Enterprises	21	\$811	\$1,321
Manufacturing (31-33)	512	\$856	\$1,022
Mining	27	\$900	\$1,531
Other Services, Ex. Public Admin	458	\$515	\$664
Professional and Technical Services	189	\$876	\$1,549

Industry	McKinley County		New Mexico
	Average Annual Jobs	Annual Average Weekly Wage	Annual Average Weekly Wage
Public Administration	1,856	\$991	\$1,126
Real Estate and Rental and Leasing	187	\$619	\$773
Retail Trade (44-45)	3,111	\$487	\$566
Transportation and Warehousing (48-49)	420	\$707	\$995
Utilities	202	\$1,537	\$1,358
Wholesale Trade	455	\$690	\$1,065
Total, All Industries	20,536	\$674	\$869

Source: NMDWS, Quarterly Census of Employment and Wages program

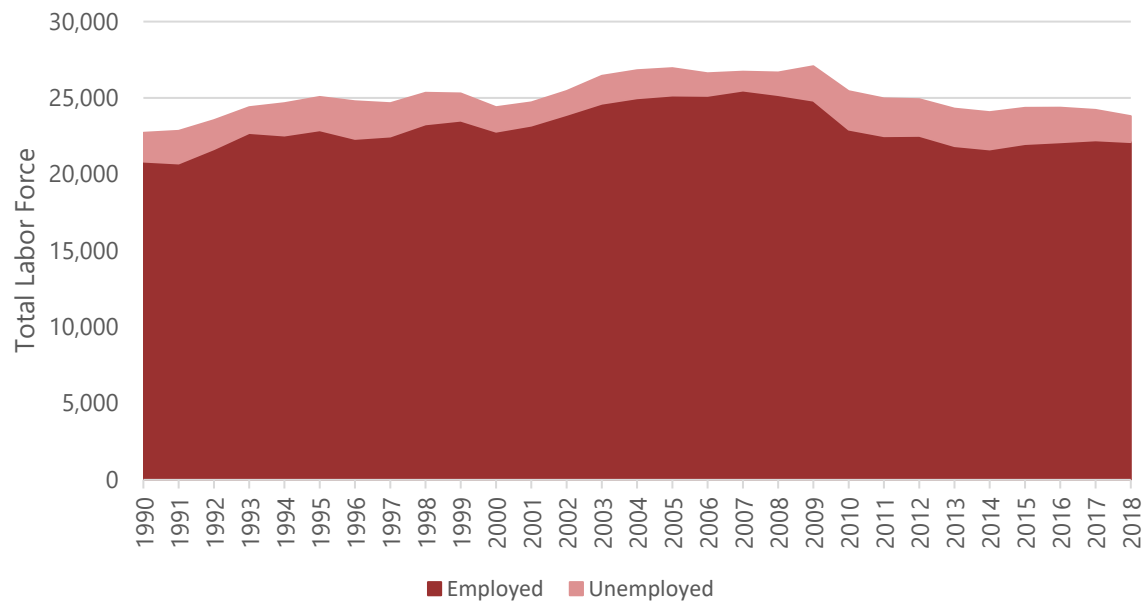
Labor Force Participation and Unemployment Rate

Employment information was obtained from the American Community Survey, which provides estimates of employment of residents, and from the New Mexico Department of Workforce Solutions, which provides employment and unemployment data by County.

The labor force in Gallup is estimated to be approximately 9,000, or 58 percent of the population age 16 and over, with much lower labor force participation by people who are less than 24 years old and people who are 65 or older. An estimated 73 percent of all adults in Gallup aged 25 to 64 are in the labor force, and the Census estimates that 67 percent of adults in this age range are employed. Overall, the unemployment rate for Gallup residents in 2018 was estimated to be 8 percent

The labor force in McKinley County in 2018 was 23,810, and the unemployment rate was 7.1 percent. The number of employed residents peaked in 2007 and has remained relatively constant since 2010. The unemployment rate has declined steadily since 2014 but is now approximately 39 percent higher than the state average.

Figure 6. Employment and Unemployment in McKinley County, 1990-2018



Source: New Mexico Department of Workforce Solutions and American Community Survey, 2018.

Commuting Patterns

The Census uses workers' journey to work information to assess commuting patterns. The information on jobs and workers in Gallup indicates that of 13,905 people who work in Gallup, an estimated 62 percent live outside of the city. Of the 8,958 workers who live in Gallup, 59 percent both live and work in Gallup, and 41 percent commute outside of the city to work.

Twenty-two percent of people who responded to the community survey do not live in the City of Gallup. Results of the community survey indicate that the primary reason that people do not live in Gallup is because they can't find suitable housing, closely followed by "can't afford to buy a home" and "can't afford to rent."



3.0

HOUSING MARKET ANALYSIS

The housing market analysis describes the characteristics of the Gallup's housing supply and current market conditions, including housing available for sale and for rent. Recent market trends include trends in sales price and rental rates.

Characteristics of Gallup Housing Supply

Housing Characteristics

Table 11 shows the types of housing that make up the local housing market. Almost 60 percent of the 8,500 housing units in the city are single-family detached, and 16 percent are mobile homes. The city has relatively few single-family attached units, such as townhouses, but there are duplexes, small apartment buildings and a few larger apartment complexes. Mobile homes are defined by the US Department of Housing Code; manufactured homes are built to the local building standards and are included in the 1-unit, detached category.

Table 11. Housing Types, 2018

	McKinley County	Gallup
Total housing units	26,219	8,483
Type of Units		
1-unit, detached	64.2%	57.7%
1-unit, attached	2.9%	2.1%
2 units	2.1%	4.2%
3 or 4 units	3.5%	9.2%
5 to 9 units	2.5%	7.2%
10 to 19 units	0.4%	1.1%
20 or more units	0.8%	2.4%
Mobile home	23.5%	16.0%

Source: US Census, American Community Survey, 5-Year Estimates, 2014-2018, DP-4

Thirty-six percent of the city's housing stock was built prior to 1970 (see Table 12). These homes are now 50 or more years old and prime candidates for rehabilitation or replacement.

Table 12. Age of Structure, 2018

	McKinley County	Gallup
Total housing units	26,219	8,483
Built Year		
Built 2014 or later	1.6%	3.7%
Built 2010 to 2013	2.3%	2.9%
Built 2000 to 2009	13.8%	10.9%
Built 1990 to 1999	20.3%	13.7%
Built 1980 to 1989	18.8%	14.4%
Built 1970 to 1979	19.3%	18.3%
Built 1960 to 1969	11.1%	11.9%
Built 1950 to 1959	5.6%	10.4%
Built 1940 to 1949	2.6%	4.6%
Built 1939 or earlier	4.5%	9.1%

Source: US Census, American Community Survey, 5-Year Estimates, 2014-2018, DP-4

The largest percentage of housing units have two or three bedrooms. The average household size for both owner-occupied and renter-occupied units in Gallup is three people. In McKinley County, households are larger.

Table 13. Size of Housing Units, 2018

	McKinley County	Gallup
Total housing units	26,219	8,483
Number of Bedrooms		
No bedroom	11.1%	4.5%
1 bedroom	8.7%	6.8%
2 bedrooms	26.0%	30.0%
3 bedrooms	41.9%	47.5%
4 bedrooms	10.5%	10.9%
5 or more bedrooms	1.8%	0.3%
Average household size of owner-occupied unit	3.66	3.09
Average household size of renter-occupied unit	3.29	2.84

Source: US Census, American Community Survey 5-Year Estimates, 2014-2018

Occupancy Characteristics

Eighty five percent of housing in Gallup is occupied. Sixty percent of occupied units are owner-occupied, and 40 percent are renter-occupied. Forty-two percent of vacant units are for rent or for sale. Almost half

of vacant housing units are classified as “other vacant.” “Other vacant” units are vacant for reasons other than those listed in Table 14 but not available for occupancy, such as units held in an estate, being renovated or similar situations. The rental vacancy rate is reported to be 12 percent, and the homeowner vacancy rate is three percent.

Table 14. Tenure and Vacancy Status, 2018

	McKinley County	Gallup
Total housing units	26,219	8,483
Occupied housing units	77.4%	85.3%
Owner-occupied	71.1%	59.6%
Renter-occupied	28.9%	40.4%
Vacant housing units	5,924	1,250
For rent	9.9%	31.2%
For sale only	2.8%	10.9%
Rented or sold, not occupied	1.6%	1.7%
For seasonal, recreational, or occasional use	27.0%	7.1%
Other vacant	58.2%	49.1%
Homeowner vacancy rate	1.10%	3.10%
Rental vacancy rate	9.00%	11.70%

Source: US Census, American Community Survey, 5-Year Estimates, 2014-2018

Housing Problems

Housing problems identified by the Census include units lacking plumbing or kitchen facilities and overcrowded units—those with occupancy exceeding one person per room. Few units in Gallup are lacking plumbing or kitchens, but seven percent of housing is overcrowded.

Table 15. Indicators of Housing Problems, 2018

	McKinley County	Gallup
Indicators of Housing Problems		
Occupied housing units	20,295	7,233
Lacking complete plumbing facilities	10.4%	1.1%
Lacking complete kitchen facilities	6.8%	0.8%
Occupants per Room		
1.00 or less	86.5%	93.1%
1.01 to 1.50	7.4%	4.4%
1.51 or more	6.1%	2.5%

Source: US Census, American Community Survey, 5-Year Estimates, 2014-2018, DP-4

Indicators of Maintenance and Rehabilitation Needs

Table 16 shows the age of housing by tenure and unit types. Fifty-seven percent of the owner-occupied housing in Gallup and 55 percent of renter-occupied housing was built prior to 1980. Housing built before 1970 is over 50 years old, and housing built before 1980 is approaching the age when significant repairs are needed. The age of housing and the quality of work that has been done on older housing were mentioned by the Working Group and in interviews as a source of dissatisfaction with housing choices, even though some older housing has been renovated.

There are over 200 mobile homes that are older than 1980, and over 90 percent of these are owner-occupied. Many mobile homes that were installed prior to 1980 predate the HUD code, which means that they are likely in need of replacement.

Because housing age and condition and property neglect are a significant problem in Gallup, the City administers a "Clean and Lien" program to address and give notice to the property owner(s) for violations of any relevant city code ordinances regarding public nuisances or other violations. If property owners do not respond to a Code Enforcement notice, the City has the authority to abate violations of adopted property codes and place a lien on the property. Abatement includes actions such as boarding up windows, doors, and any other potential entry ways in vacant or abandoned properties, as well as removing weeds and trash. Out of the 459 final notices issued from 2012-2020, the City cleaned 393 properties. Neighborhoods throughout the city have been impacted by the neglect of these properties. The City and community support the revitalization of these properties.

Table 16. Tenure by Year Structure Built and Units in Structure, 2018

Total Occupied Housing Units: 7,233						
	Owner Occupied	%	Renter Occupied	%	Total	%
Total:	4,314		2,919		7,233	
1, detached or attached units	3,224	74.7%	1,189	40.7%	4,413	61.0%
2 to 4 units	52	1.2%	766	26.2%	818	11.3%
5 to 19 units	0	0.0%	610	20.9%	610	8.4%
20 to 49 units	0	0.0%	54	1.8%	54	0.7%
50 or more units	0	0.0%	122	4.2%	122	1.7%
Mobile home, boat, RV, van, etc.	1,038	24.1%	178	6.1%	1,216	16.8%
Built 2010 or Later:	163	3.8%	379	13.0%	542	7.5%
1, detached or attached units	96	58.9%	88	23.2%	184	33.9%
2 to 4 units	0	0.0%	115	30.3%	115	21.2%
5 to 19 units	0	0.0%	154	40.6%	154	28.4%
20 to 49 units	0	0.0%	0	0.0%	0	0.0%
50 or more units	0	0.0%	12	3.2%	12	2.2%
Mobile home, boat, RV, van, etc.	67	41.1%	10	2.6%	77	14.2%
Built 2000 to 2009:	506	11.7%	249	8.5%	755	10.4%
1, detached or attached	236	46.6%	29	11.6%	265	35.1%
2 to 4 units	0	0.0%	65	26.1%	65	8.6%
5 to 19 units	0	0.0%	127	51.0%	127	16.8%
20 to 49 units	0	0.0%	0	0.0%	0	0.0%
50 or more units	0	0.0%	7	2.8%	7	0.9%
Mobile home, boat, RV, van, etc.	270	53.4%	21	8.4%	291	38.5%
Built 1980 to 1999:	1,173	27.2%	692	23.7%	1865	25.8%
1, detached or attached	639	54.5%	255	36.8%	894	47.9%
2 to 4 units	38	3.2%	197	28.5%	235	12.6%
5 to 19 units	0	0.0%	77	11.1%	77	4.1%
20 to 49 units	0	0.0%	20	2.9%	20	1.1%
50 or more units	0	0.0%	15	2.2%	15	0.8%
Mobile home, boat, RV, van, etc.	496	42.3%	128	18.5%	624	33.5%
Built 1960 to 1979:	1,473	34.1%	916	31.4%	2389	33.0%
1, detached or attached	1,268	86.1%	340	37.1%	1608	67.3%
2 to 4 units	0	0.0%	283	30.9%	283	11.8%
5 to 19 units	0	0.0%	168	18.3%	168	7.0%
20 to 49 units	0	0.0%	34	3.7%	34	1.4%
50 or more units	0	0.0%	72	7.9%	72	3.0%
Mobile home, boat, RV, van, etc.	205	13.9%	19	2.1%	224	9.4%
Built 1940 to 1959:	736	17.1%	358	12.3%	1094	15.1%
1, detached or attached	736	100.0%	302	84.4%	1038	94.9%
2 to 4 units	0	0.0%	9	2.5%	9	0.8%
5 to 19 units	0	0.0%	37	10.3%	37	3.4%
20 to 49 units	0	0.0%	0	0.0%	0	0.0%
50 or more units	0	0.0%	10	2.8%	10	0.9%
Mobile home, boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%
Built 1939 or earlier:	263	6.1%	325	11.1%	588	8.1%
1, detached or attached	249	94.7%	175	53.8%	424	72.1%
2 to 4 units	14	5.3%	97	29.8%	111	18.9%
5 to 19 units	0	0.0%	47	14.5%	47	8.0%
20 to 49 units	0	0.0%	0	0.0%	0	0.0%
50 or more units	0	0.0%	6	1.8%	6	1.0%
Mobile home, boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%

Source: US Census, American Community Survey, 5-Year Estimates, 2014-2018

Current Market Conditions

New Construction

Since 2010, 124 new housing units have been built in Gallup. These include 69 single-family homes, nine manufactured homes placements, and the Hooghan Hozho apartments with 46 units. Over 75 percent of new homes were built by production builders, so that there is capacity to build at a subdivision scale.

Table 17. New Construction in Gallup

Housing Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Single-Family	17	2	7	9	4	4	10	10	4	2
Manufactured Homes		1	1	2	2	1		1	1	
Multi-Family				46						
Total	17	3	8	57	6	5	10	11	5	2

Housing for Sale and for Rent

In January 2020, there were 31 homes for sale and 28 homes for rent. Most homes for sale are priced for households with incomes of 80 percent of the area median income or higher. There are rentals available for households with incomes between 60 percent and 80 percent of the area median income, but almost nothing for low-income households or for higher income households.

Table 18. Housing for Rent and for Sale, January 2020

% AMI	Annual Income	Affordable Rent	Affordable Home Price	Homes for Rent in this Price Range	Homes for Sale in this Price Range	Pending Sales in this Price Range
30%	\$ 21,330	\$ 533	\$ 83,784	2	6	2
50%	\$ 23,900	\$ 598	\$ 94,809	0	1	0
60%	\$ 28,700	\$ 718	\$ 114,652	1	2	1
80%	\$ 38,250	\$ 956	\$ 152,135	20	6	6
100%	\$ 47,800	\$1,195	\$ 189,618	2	7	2
120%	\$ 57,400	\$1,435	\$ 227,100	1	3	0
>120%	> \$57,400	> \$1,435	> \$227,200	2	6	5

Sources: MLS, 1/23/2020; Craigslist; Sites Southwest Apartment Survey

According to the Gallup Housing Authority, there are more than 100 households on waiting lists for affordable apartments.

The information above does not include rooms for rent. The rooms in a shared unit range in price from \$750 to \$900 per month. Discussions with people who recently moved to Gallup indicate that renting rooms is often the best choice because of the lack of rental housing.

A review of individual current listings indicates that homes for sale and for rent that are affordable to low-income households are in poor condition, a concern that was confirmed through interviews and discussions with the Working Group. This is also consistent with findings from the Growth Management Master Plan in 2009 and in 2016.

Short-Term Housing

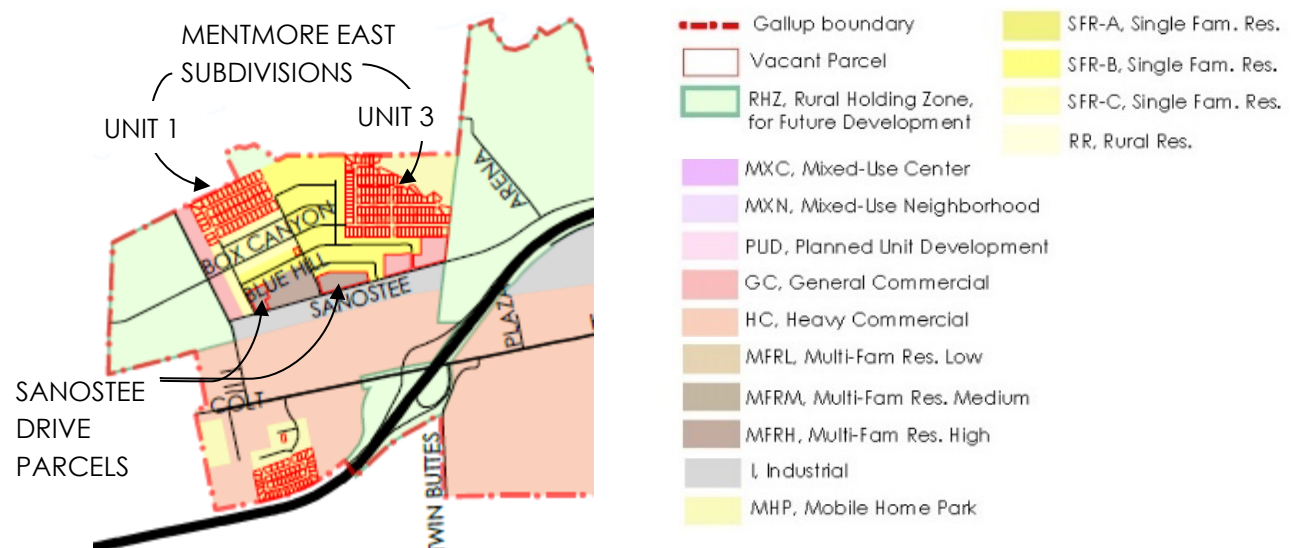
Teachers and visiting medical personnel typically work on contracts that may be for a year or a few years. These workers prefer to rent. Housing options for these employees include a room in a house, houses for rent, the employee housing provided by some employers, and the few available apartments, depending on income restrictions. Leases for longer than 30 days but less than a year would benefit these residents.

Current and Proposed/Planned Projects

Mentmore East Subdivision Units 1 & 3

On the westside of Gallup near Box Canyon Avenue there are two separate platted areas known as the Mentmore East Subdivision Units 1 & 3 as shown in Figure 8 below. These areas are zoned single-family and mobile home park, which were platted without infrastructure. The City is currently working with a developer who intends to build affordable market rate housing. Because the project will result in affordable housing, the City can assist in donating pipes and material for the necessary infrastructure to the site. Unit 1 is zoned as Single-Family Residential and Unit 3 is zoned as Mobile Home Park. These sites fall within an Opportunity Zone that encompasses Census Tract 35031943902, and as such, they have tax incentives.

Figure 8. Vacant Parcels in West Gallup



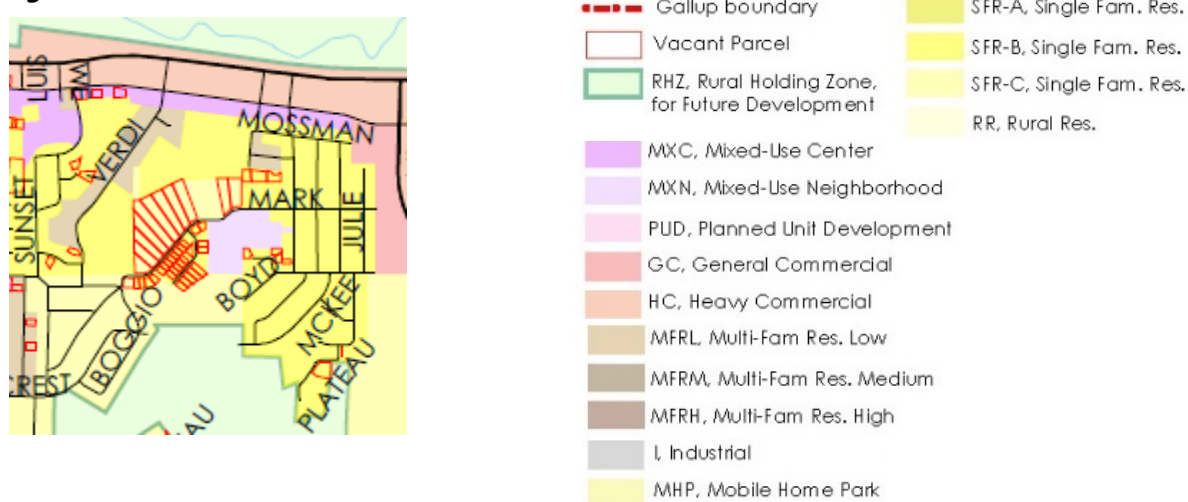
Sanostee Drive Parcels

There are two vacant lots fronting Sanostee Drive that are zoned for multi-family and are already served with necessary infrastructure (as shown in Figure 8 above). These sites also fall within the Opportunity Zone noted above and are eligible for tax incentives.

La Paloma Subdivision

This subdivision is being developed in two phases with close to 200 lots (see Figure 9). Although originally planned to be affordable housing, the topography and soils have made site development and construction too expensive to be affordable. The utilities were not included in the original platting, but water lines have now been installed for both phases. The development will include townhomes and single-family homes.

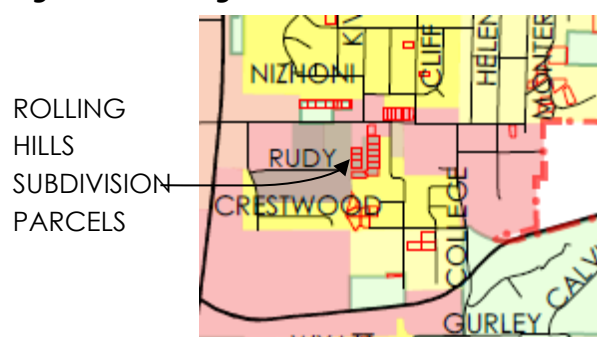
Figure 9. La Paloma Subdivision



Rolling Hills Subdivision Unit 2

The parcels south of Nizhoni Boulevard between the Genesis Retirement Home and Mariyana Avenue known as the Rolling Hills Subdivision Unit 2 were platted without infrastructure and are zoned multi-family and abut multi-family along Rudy Drive to the west and single-family to the east (see Figure 10). A developer was interested but the project fell through.

Figure 10. Rolling Hills Subdivision Unit 2

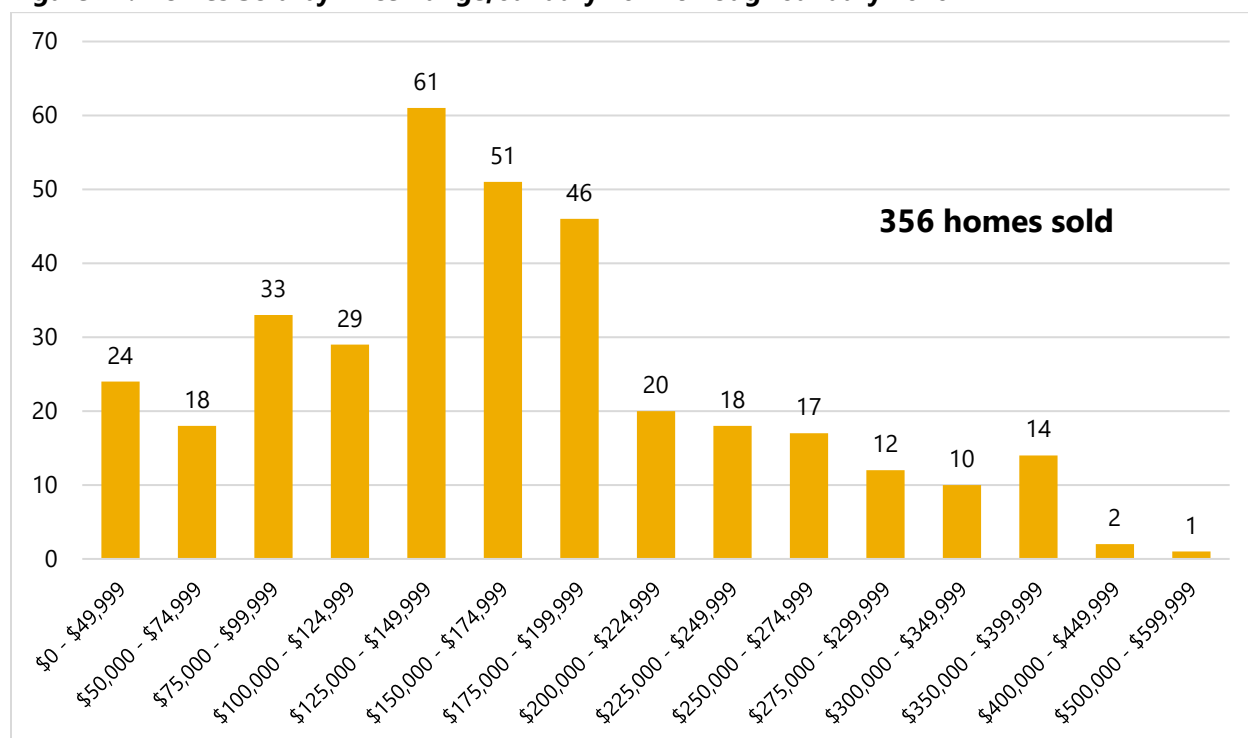


Housing Sales Trends

Characteristics of Home Sales

Information about home sales in Gallup was obtained through the local Multiple Listing Service. Of a total of 356 homes sold from January 2017 through January 2020, 17 percent were priced between \$125,000 and \$149,999. The average price was \$168,000, and the median price was \$156,000. The average number of days on the market was 133, driven largely by properties in poor condition or overpriced that were on the market for a year or more.

Figure 11. Homes Sold by Price Range, January 2017 through January 2020



Source: Gallup MLS, 2020

Total Housing Sold by Type

Eighty-six percent of homes sold have three or four bedrooms. A higher than average percentage of total listings with three or four bedrooms sold, and these units had a high ratio of sales price to list price. Smaller homes with one or two bedrooms were more affordable, but less likely to sell.

The market is dominated by conventional single-family homes, even though a visual inspection of Gallup neighborhoods indicates that there are a significant number of manufactured homes. As of April 2020, two homes for sale were manufactured homes.

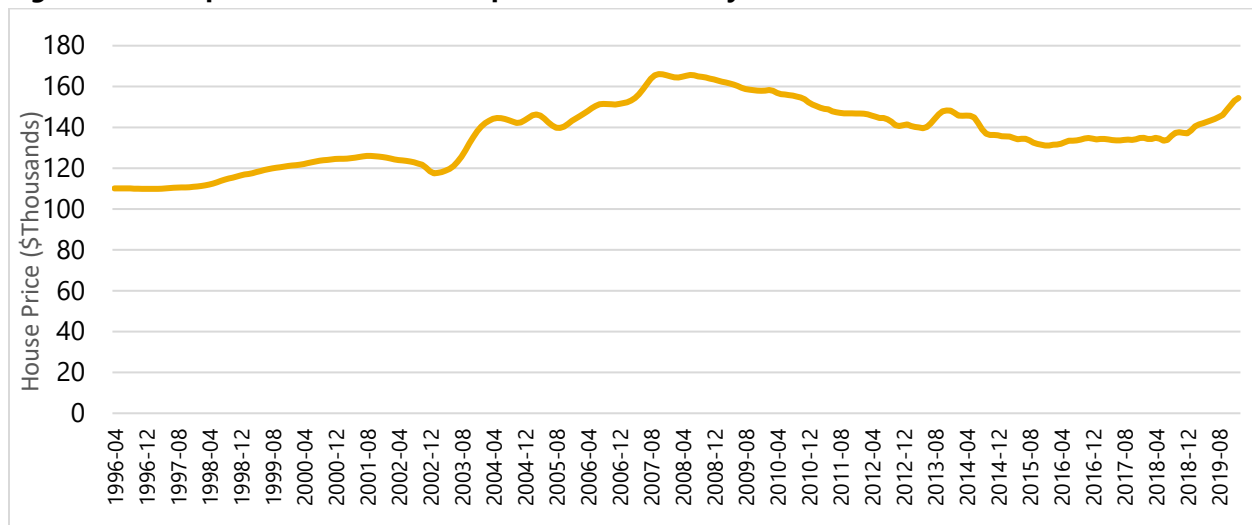
Table 19. Home Sales by Number of Bedrooms, 2017-2020

Bedrooms	Total Listed	Num Sold	% Sold	Avg List Price Sold	Avg Sale Price Sold	Sale Price/List Price Ratio
All	446	332	74.44%	\$174,338	\$168,644	96.73%
1	3	1	33.33%	\$48,900	\$44,000	89.98%
2	58	32	55.17%	\$81,956	\$76,801	93.71%
3	254	201	79.13%	\$166,313	\$160,864	96.72%
4	111	86	77.48%	\$221,282	\$215,042	97.18%
5+	20	12	60.00%	\$229,137	\$221,750	96.78%

Source: Gallup MLS, 2020

Sale Price Trends

Home prices in Gallup peaked in 2007 and declined following the 2008 recession. Since a low in early 2016, prices have increased, and current MLS data shows that sales and listing prices have reached the level of the 2016 peak.

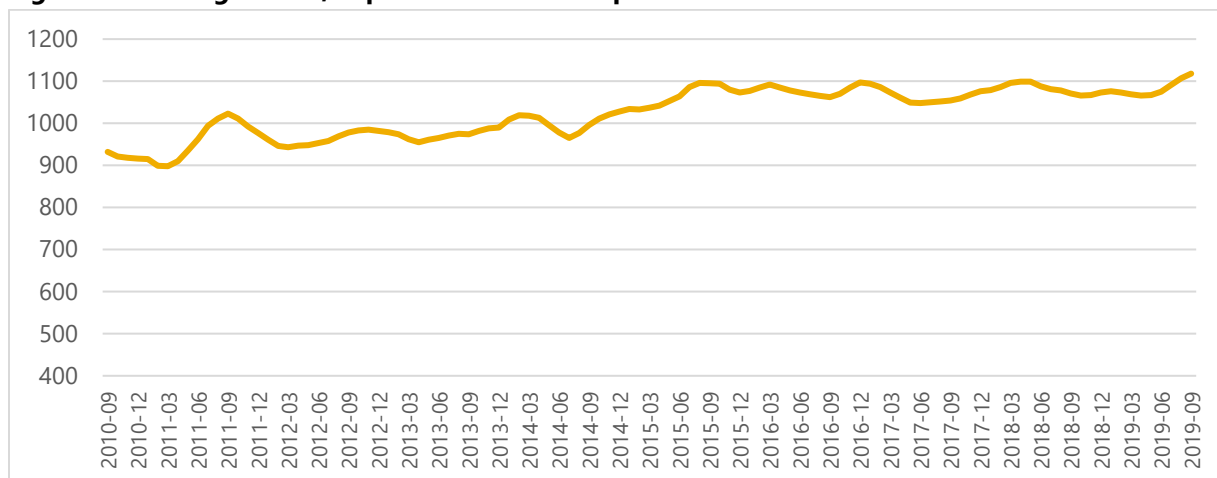
Figure 12. Gallup House Price Trend, April 1996 to January 2020

Source: Zillow Research, 2020

Rental Price Trends since 2010

Rental rates have historically been high relative to household incomes. According to Zillow Research, average rental rates have increased steadily over the past ten years, increasing from \$932 in September 2010 to \$1,118 in September 2019.

Figure 13. Average Rents, September 2010 to September 2019



Source: Zillow Research, 2020

Affordable Rental Complexes

Managers of 19 apartment complexes were contacted for information about number of units by type, current rents, occupancy and waiting lists. Information was obtained for 13 complexes. The inventory includes 1,158 units of which 635 are affordable. Surveys were completed for complexes with a total of 921 units, of which 557 are affordable. Affordable rental housing includes public housing, HUD and USDA financed properties, and low-income tax credit properties.

There were fifteen vacant units in market rate complexes, four vacancies in public housing units and one vacancy in other affordable complexes. The rents in market rate units range from \$750 per month to \$1,400. The one vacancy in the affordable housing is targeted to households at 30 percent of area median income. There are waiting lists of 105 families and 9 elderly or disabled people for public housing. There are 160 households on waiting lists for affordable housing, with over 60 households on the waiting lists for both two- and three-bedroom units. A summary of apartment survey results is shown in Table 20.

Table 20. Apartment Survey Summary

Type and Number of Bedrooms	Rent Range	Total Units	Vacant Units	Wait List
Public Housing				
1 BR	Rent based on Income; Minimum \$50; maximum determined by HUD FMR	29	0	49
2 BR		61	3	31
3 BR		118	1	17
4 BR		26	0	8
Total Family		234	4	105
Total Elderly/Disabled		13	0	9
Affordable Apartments				

Type and Number of Bedrooms	Rent Range	Total Units	Vacant Units	Wait List
1 BR	\$25-845	168	1	6
2 BR	\$25-\$1,105	327	0	64
3 BR	\$25-\$1,300	124	0	60
4 BR	NA	0	0	0
Total*		619	1	160
Market Rate Apartments				
1 BR	\$750-\$1,400	27	1	0
2 BR	\$650-\$930	213	13	0
3 BR	\$950-\$1,020	53	1	0
4 BR	NA	0	0	0
Total		293	15	0

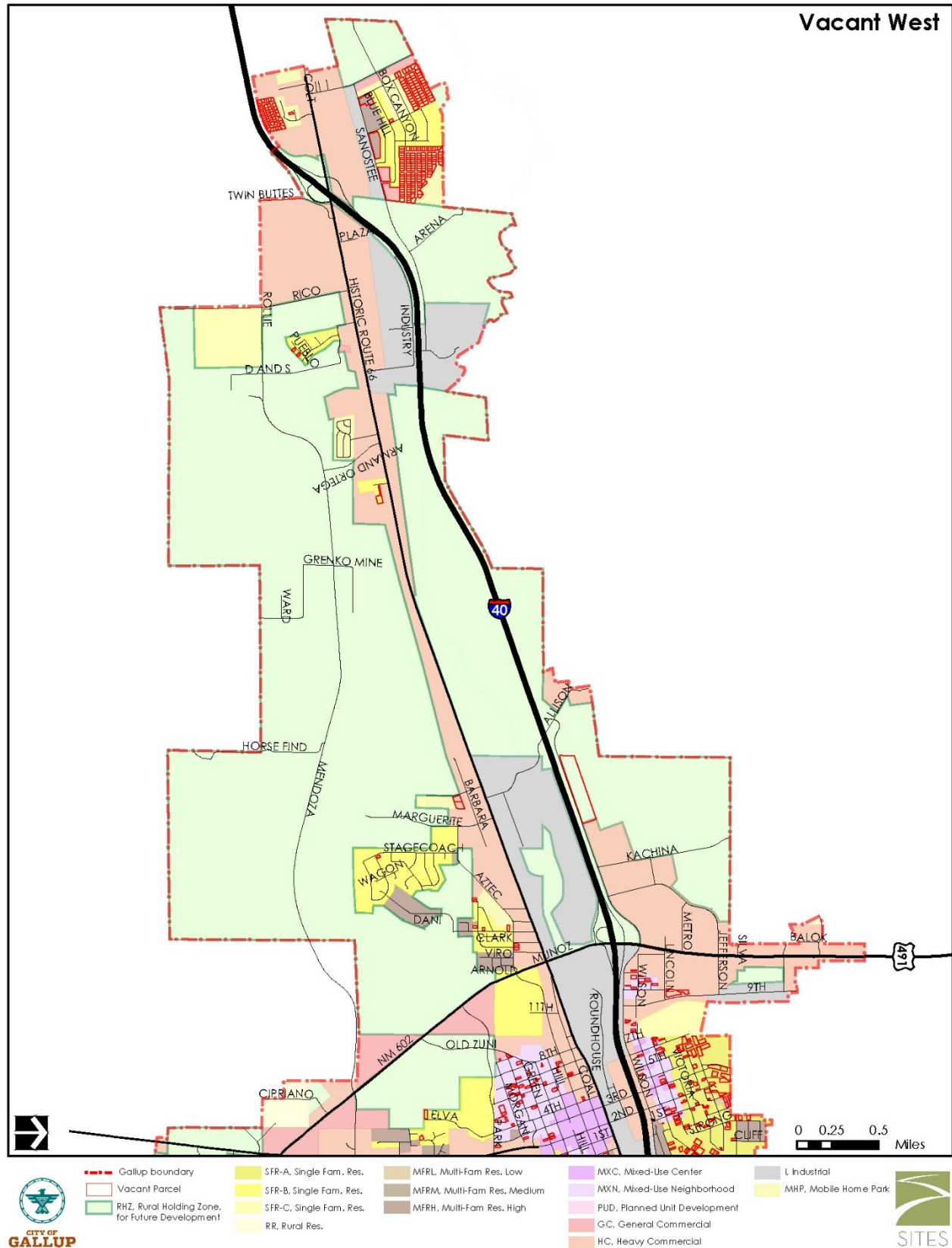
** Affordable wait list total includes 30 units not specified for number of bedrooms*

Potential Development Sites

Figure 14 and Figure 15 show vacant parcels in Gallup. Vacant properties include primarily scattered lots or platted but undeveloped subdivisions. As described above, there is interest in building out undeveloped subdivisions, and vacant lots could be the foundation of a scattered site housing strategy that promotes infill.

Properties zoned rural holding zone (RHZ) are larger tracts suitable for larger scale subdivision development.

Figure 14. Vacant Parcels, West Gallup





4.0 HOUSING NEEDS ASSESSMENT

Data Sources

The housing needs assessment analyzes the demand for housing in Gallup. Information used to assess housing needs includes the profile in the previous chapter, current real estate information, real estate trends data, and primary data collected for this study. Primary data sources include:

- Community survey
- Employer survey
- Working Group meetings and interviews with employers, realtors, lenders, and service providers.

Housing need for homeownership was estimated using Census data and information from the community and employer surveys. Census data provided estimates of current residents by income level, and the surveys provided information about households that would consider moving if housing that better suits their needs were available in Gallup. Other considerations include the number of owner households that are paying more for housing than is desirable at their income level and the need for home rehabilitation based on the indicators of rehabilitation needs from the City's Clean and Lien Program.

Renter housing needs were estimated based on Census estimates of renter households by income level, indicators of housing problems, renter households that are paying more than is desirable for housing, and the survey results.

Housing Preferences

Community survey responses indicate the types of homes Gallup residents would prefer if they were to buy or rent a different home. Most people (74 percent) would prefer to buy a home, five percent would prefer to rent, and 21 percent would either buy or rent. The most common preference is for a three-bedroom, two bath single-family home, but there is interest in multiple housing types and sizes.

Nearly eighty percent of survey respondents live in the City of Gallup. Most of the remaining 20 percent live in communities north and south of Gallup.

The top three reasons that people would consider buying or renting a different home are to find a newer home, to be closer to work, and to live in a more rural setting, followed closely by a preference to live in Gallup. These responses indicate that potential buyers and renters include people who work in Gallup but commute from outside the community now. Most people who don't live in Gallup now list "can't find a suitable residence" or "can't afford to buy a home" as the first or second reason why they don't live in Gallup. Others list "can't afford to rent a home" Only three percent of respondents listed that they prefer another community or live with family elsewhere as the reason they don't live in Gallup.

Seventy percent of top preferences for housing type are a larger or smaller single-family home and a home with a "mother-in-law" type rental unit (known as an Accessory Dwelling Structure in the LDS).

Price is the most important factor in the decision about where to live. Other important factors are home size, home type, energy efficiency, and outdoor space.

Nearly half of respondents want a three-bedroom house, and 30 percent want four bedrooms, and 18 percent prefer two bedrooms. Most people (54 percent) want two bathrooms, but 18 percent want three.

Over half (56 percent) of respondents would consider a small lot of less than 5,000 square feet, and over half (52 percent) would consider a townhouse.

Approximately 23 percent of respondents pay from \$601 to \$900 for rent or a mortgage, and another 23 percent pay from \$901 to \$1,250. A few respondents pay more than \$1,500, and 18 percent pay less than \$600. Twelve percent of respondents have paid off their mortgage, and nine percent do not pay rent or a mortgage.

Households fall into the full array of income ranges for total household income, but seventy percent of respondents have incomes higher than \$50,000.

Homeownership

Unmet Demand for Homeownership

Households who are interested in homeownership include a portion of commuters who currently live elsewhere but would prefer to live in Gallup, renters in Gallup who can afford to buy a home, potential new hires of employers for whom lack of housing is a barrier to hiring and current owners who would consider moving. Households with annual incomes below \$20,000 are assumed to be renters.

Table 21 shows estimated annual demand for homeownership by people who would move if suitable housing were available immediate demand created by new hires by local employers. Demand is categorized by income level, and the maximum housing price based on the maximum monthly mortgage payment is shown in the table.

Annual demand was estimated based on the housing preferences indicated in the survey. People who would move include renters who would buy, new residents and commuters who would move to be closer to work and schools. People who are already living and/or working in Gallup and nearby communities have barriers to moving, including making the decision to move, saving for a down payment, finishing the lease term in a rental, and selling an existing home. As a result, only a portion of people who would consider moving will move in a given year.

Recognizing that relocation takes time, the estimates of the rate at which the City would capture commuters, new households, renters, and existing households buying a different home are assumed to be as outlined below. The distribution by income is based on the incomes of renters, homeowners, and commuters who responded that they would consider moving in the community survey.

- Annual capture of commuter households who would consider moving and are interested in buying. The assessment assumes that the total annual capture of commuters would be one percent of commuters. Based on the survey, 67 percent of the commuters responded to the survey and would move and would prefer to buy.
- Annual capture of local renters. The assessment assumes that 2.5 percent of all local renters would move annually, and based on the survey, 95 percent of those would prefer to buy. Renters with incomes below \$20,000 would continue to rent even if they prefer to buy.
- Annual demand to accommodate growth. The city grew approximately 1.9 percent per year between 2010 and 2018. If this continues, new housing would be needed to accommodate this growth. The analysis assumes that new residents would have a similar demographic profile to existing residents.
- Maximum affordable housing price assumes that the maximum monthly mortgage payment, including principal, interest, taxes and insurance, cannot exceed 30 percent the income at the top of the range. The maximum housing price based on the monthly payment was estimated using an online mortgage calculator, assuming a 30-year mortgage period and a current interest rate of 3.9 percent.

Table 21. Annual Estimated Demand for Homeownership

Income Range	Renters Who Would Buy	Housing to Accommodate Growth	Commuters who would move	Total Owner Households	Maximum Housing Price	Maximum Monthly Mortgage Payment
Under \$20,000	NA	NA	NA	0	NA	NA
\$20,000-\$34,999	11	4	13	27	\$185,000	\$875
\$35,000-\$49,999	11	2	13	21	\$265,000	\$2,250
\$50,000-\$74,999	20	4	15	29	\$396,000	\$1,875
\$75,000-\$99,999	9	2	12	17	\$400,000+	\$2,500
\$100,000+	9	4	2	14	\$400,000+	\$2,500+
Total	65	32	58	127		
Estimate of Unmet Need						
Income Range	# Owner Households		Less Available Market Units for Sale		Unmet Need	
Under \$20,000	0		6		NA	
\$20,000-\$34,999	27		9		18	
\$35,000-\$49,999	21		13		8	
\$50,000-\$74,999	29		10		19	
\$75,000-\$99,999	17		3		14	
\$100,000+	14		3		11	
Total	127		44		83	

Access to Home Purchase Financing

A review of home mortgage lending in McKinley County indicates which households have access to home financing and which households may need assistance through home buyer education and/or financial assistance.

The Home Mortgage Disclosure Act (HMDA) requires mortgage lenders to report information about loan applications and the outcome of these applications. These data are reported by county. From 2016 to 2018, 2,536 mortgage loan applications were processed in McKinley County. This does not include loan applications in 2018 where the purpose was for cash out refinancing, other purpose or not applicable. Of the rest of the loan applications, 1,614 were for home purchases.

Key findings of the review of mortgage loan applications for owner-occupied primary residences are that while denial rates have decreased in recent years, Native American applicants are the most likely to be denied, and mortgage loan applications for manufactured homes are three times as likely to be denied as applications for site-built housing. Debt to income ratio and poor credit history are the most common primary reason for denial.

Table 22. Home Mortgage Loans by Purpose

	2016	2017	2018
Home purchase	508	584	522
Home improvement	105	96	29
Refinancing	324	266	102
Total	937	946	653

Source: Federal Financial Institutions Examination Council, Public Home Mortgage Disclosure Act Data

The primary concern in assessing fair housing is for homes that are owner-occupied as a principal dwelling. A total of 1,528 applications were for an owner-occupied home as a principal dwelling.

Table 23. Occupancy Status for Home Purchase Loan Applications

	2016	2017	2018
Owner-occupied as a principal dwelling	482	563	483
Not owner-occupied as a principal dwelling	25	17	39
Not applicable	1	4	-
Total Applications	508	584	522

Source: Federal Financial Institutions Examination Council, Public Home Mortgage Disclosure Act Data

The denial rate for home purchases by owner occupants has decreased since 2016, from 38.2 percent to 27.3 percent.

Table 24. Action Taken on Loan Applications

	2016	2017	2018
Loan originated	163	182	187
Application approved but not accepted	8	18	7
Application denied by financial institution	184	181	132
Application withdrawn by applicant	33	44	43
File closed for incompleteness	64	77	64
Loan purchased by the institution	30	61	49
Preapproval request denied	0	0	1
Total	482	563	483
Denial Rate	38.2%	32.1%	27.3%

Source: Federal Financial Institutions Examination Council, Public Home Mortgage Disclosure Act Data

The reason for loan denials was missing for most applications in all years. For applications for which the reason for denial was reported, credit history and debt-to-income ratio are the most reported primary reason for denial. These reasons point to the need for homebuyer education and assistance with improving credit.

Table 25. Reasons for Loan Denials

Primary Reason for Denial	2016	2017	2018
Debt-to-income ratio	5	2	36
Employment history	2	2	1
Credit history	5	3	47
Collateral	2	8	17
Insufficient cash (down payment, closing costs)	2	0	1
Unverifiable information	1	1	17
Credit application incomplete	0	4	10
Mortgage insurance denied	0	1	0
Other	1	2	4
Not Reported/Not denied	464	540	350
Total	482	563	483

Source: Federal Financial Institutions Examination Council, Public Home Mortgage Disclosure Act Data

The overall mortgage loan denial rate is 27.3 percent, but the rate varies from 93 percent for applicants with annual incomes below \$20,000 to 15 percent for applicants with incomes of \$100,000 or more. Denial rates are highest for applicants with incomes below \$20,000. Denial rates decrease in most cases as incomes rise.

Table 26. Application Denials by Income Range, 2018

Income Range	Total Applications	Applications Denied by Financial Institution	Denial Rate
Under \$20,000	14	13	92.9%
\$20,000-\$24,999	16	11	68.8%
\$25,000-\$34,999	46	20	43.5%
\$35,000-\$49,999	81	20	24.7%
\$50,000-\$74,999	133	32	24.1%
\$75,000-\$99,999	78	20	25.6%
\$100,000 or more	78	12	15.4%
Not reported	37	4	10.8%
Total	483	132	27.3%

Source: Federal Financial Institutions Examination Council, Public Home Mortgage Disclosure Act Data

Mortgage loan applications for purchasing manufactured homes are nearly three times more likely to be denied than loan applications for site-built homes. This could be due to the lower income levels of the applicants for manufactured housing.

Table 27. Action Taken by Housing Type, 2018

	Site-Built	Manufactured	Total
Loan Originated	138	49	187
Application approved but not accepted	1	6	7
Application denied	43	89	132
Application withdrawn by applicant	36	7	43
File closed for incompleteness	6	58	64
Purchased loan	46	3	49
Preapproval request denied	1		1
Total	271	212	483
Denial Rate	15.9%	42.0%	27.3%

Source: Federal Financial Institutions Examination Council, Public Home Mortgage Disclosure Act Data

Native American applicants are more likely to experience loan denials than any other racial or ethnic group, other than Native Hawaiian/Pacific Islander, a group with only two loan applications. Hispanic, Asian and African American applicants experience loan denial rates similar to the county average. White, non-Hispanic applicants have the lowest denial rate, at 13.6 percent.

Table 28. Action Taken by Race and Ethnicity, 2018

Action Taken	Hispanic or Latino	American Indian or Alaska Native	Asian	Black or African American	Native Hawaiian or Other Pacific Islander	White	Race Not Available	Joint	Total
Loan Originated	29	58	7	5		66	13	9	187
Application approved but not accepted	1	4		1		1			7
Application denied	20	81	4	2	1	14	10		132
Application withdrawn by applicant	11	10	1		1	14	4	2	43
File closed for incompleteness	8	48	1			2	2	3	64
Purchased loan	4	1				6	37	1	49
Preapproval request denied	0		1						1
Total	73	202	14	8	2	103	66	15	483
Denial Rate	27.4%	40.1%	28.6%	25.0%	50.0%	13.6%	15.2%	0.0%	27.3%
Percentage of Applications	15.1%	41.8%	2.9%	1.7%	0.4%	21.3%	13.7%	3.1%	100.0 %

Source: Federal Financial Institutions Examination Council, Public Home Mortgage Disclosure Act Data

Needs of Low-Income Homeowners

There are more than 600 homeowners in Gallup with incomes below \$20,000 per year, and a significant percentage of homeowners with incomes below \$35,000 pay more than 30 percent of their incomes for housing. Twelve percent of all families that own their own home have incomes below poverty level. The number of low-income homeowners coupled with an aging housing stock point to the need for home

maintenance, repair, and weatherization assistance to allow these homeowners to remain in their homes while maintaining the quality of Gallup's housing stock.

Rental Housing

The estimated need for rental housing can be met through new housing construction and through financial assistance to cost burdened renters. The greatest need is for housing that is affordable to households with incomes below \$20,000. Since many of these households live in Gallup, but have housing problems or are cost burdened, affordability could be achieved through either new construction or rent vouchers.

Additional needs include affordable options for cost burdened homeowners who may want to rent and new housing to accommodate growth. Annual need for new housing to accommodate growth is approximately 40 units of affordable and workforce housing and approximately 30 market rate units. New apartments would be built as larger complexes rather than incrementally, so this need could be met by 200 units of affordable housing and 150 units of market rate housing over five years.

Table 29. Estimated Need for Rental Housing

Background Data					
# of Renter Households in Gallup (2018 Estimate)			2,919		
# of Cost Burdened Renter Households			1,159		
# of Renter Households with housing problems			50		
# of Cost Burdened Low Income Senior Homeowners			500		
# Housing to accommodate growth			70 per year		
Total Need					
Income Range	Cost Burdened Renter Households	Renter Households with Housing Problems	Cost Burdened Senior Homeowners	Housing to Accommodate Growth	Maximum Affordable Rent
Under \$20,000	975	50	200	32	\$500
\$20,000-\$34,999	118			9	\$875
\$35,000-\$49,999	66			6	\$1,250
\$50,000-\$74,999				10	\$1,875
\$75,000-\$99,999				4	\$2,500
\$100,000+				9	\$2,500+
Total	1,159	50	200	70	

Needs Analysis Estimate for Affordable and Market Rate Long-Term Rental Housing				
Income Range	# Renter Households	Less Planned Rental Units	Less Available Rental Units	Unmet Need
Under \$20,000	1,257	-	5	1,252
\$20,000-\$34,999	127	-	28	99
\$35,000-\$49,999	72	-	11	61
\$50,000-\$74,999	10	-	1	9
\$75,000-\$99,999	4	-		4
\$100,000+	9	-	1	8
Total	1,479	-	46	1,433

Local Housing Resources

There are various local housing resources that provide shelter in the region.

The **Gallup Housing Authority** provides public housing through Section 8 Housing Choice Vouchers (HCV), and public housing programs. It currently offers eight public housing communities with 234 units for families and senior/disabled households. There is currently a wait list for this housing. The Gallup Housing Authority offers a variety of services to its residents, including assistance to higher wage earners to move out of public housing and into their own homes.

The **Saint Joseph Food & Shelter** is a local non-profit dedicated to providing overnight shelter for men and women, breakfast and dinner for those who stay in shelters, and used clothing distribution.

NA Nizhoozhi Center Inc. (NCI) provides a drug treatment program through outpatient care, residential short-term treatment, and residential long-term treatment. In conjunction with the City of Gallup, NCI participates in the program, Preventing Alcohol-Related Deaths (PARD)–Gallup. The shelter capacity is 90 beds- 65 for males and 25 for females.

Battered Families Inc. provides emergency shelter from domestic violence, non-residential services, legal advocacy, support groups, a batterer intervention program, and community outreach. Battered Families employs between 10 to 29 full time employees. There are 23 beds provided and it is wheelchair accessible. The maximum length of stay is 90 days.

Catholic Charities of Gallup provide emergency-assistance with past due rent or utilities, food vouchers, diapers, formula, a drop in breakfast every weekday morning, free income tax preparation, transient relief services, and a thrift store. Catholic Charities of Gallup employs between 10 to 29 full time employees.

Southwest Indian Foundation provides new home construction for low-income Native American families located on the Navajo reservation. To date, they have built about 280 houses for very low-income people.

They also assist with rent, utilities, gas and food vouchers, emergency lodging, transportation services and clothing donations.

Habitat for Humanity in Gallup provides low-cost homes for qualified people with a high standard for energy and water conservation. The goal of the organization in Gallup is to complete at least one house within every 3-year period. Currently, they assist 1 or 2 families per year. They must turn away between 9-18 families every year. They avoid waiting lists as they would be too numerous and accept people with poor credit which helps the housing choices for Gallup clients.

The **Navajo Partnership for Housing** provides housing construction, financial education, and mortgage lending that is specifically provided on the Navajo Reservation and in the City of Gallup. Floor plans are available on their website.

GGEDC offers the **Greater Gallup Industrial Workforce Program** (GGIWP), which provides construction training and helps build homes.

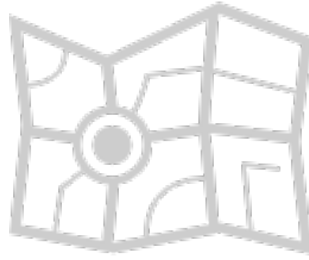
Wells Fargo's **NeighborhoodLIFT** program is available statewide to assist new homeowners with financial tools and follow-up with their mortgage. It is part of the mortgage application, but not utilized in Gallup.

Villa Guadalupe provides a nursing home, hospice, and assisted living for the elderly poor. The facility provides 39 senior living and assisted living units.

Finally, the **Supportive Housing Coalition (SHC)**, based in Albuquerque but serving McKinley County, provides rental assistance to people with behavioral health disorders who are experiencing homelessness, service coordination, and affordable and permanent housing communities. Through new construction, property acquisition, rehabilitation, and the administration of tenant based rental assistance vouchers, SHC has grown to encompass 700 units of housing. The organization owns, manages, and/or provides supportive services for seven affordable multi-family properties consisting of 349 units that are utilized for affordable and permanent supportive housing in New Mexico.

Through its **Community Housing Program**, SHC administers over 400 tenant-based rental assistance vouchers, using a Housing First model, for formerly homeless individuals with behavioral health issues, including substance abuse and severe mental illness, and for at-risk youth who are transitioning out of foster care.

More specifically, in Gallup, the Coalition manages **Chuska Apartments**. This is a housing tax credit project that combines mixed-income households, supportive housing, and sustainable green design elements. Chuska Apartments combines ten permanent supportive housing units for chronically homeless families and 20 permanent affordable housing units for families at or below 60 percent of the area median income. Chuska Apartments includes one-story residential buildings with a mixture of two- and three-bedroom apartments. For more details on each program, please reference Appendix E.



5.0 LAND USE & POLICY RECOMMENDATIONS

Land Development Standards

The City of Gallup updated its Land Development Standards (LDS) in 2018, which includes zoning regulations, design standards, and subdivision regulations for the municipality. These standards were updated following the Growth Management Master Plan, which was adopted in 2016 and incorporated the recommendations made in that plan. The LDS has six residential districts and two mixed-use districts that allow housing as described below. See Table 30 for the requirements of each district allowing housing. See Figures 14 and 15 for the location of each district.

Table 30. Requirements of Districts Allowing Residential Uses, 2018

District	Maximum Height (in feet)	Minimum Lot Size by Sub-District or Housing Type	Minimum Setbacks in feet (Front/Side/Side Street/Rear)
Rural Residential (RR)	26	Single-Family = 1-acre	25/15/15/30
Single-Family Residential (SFR)	26	SFR-A = 3,000 sq ft	10/5/10/15*
	26	SFR-B = 6,000 sq ft	20/5/10/20*
	26	SFR-C = 9,000 sq ft	25/8/15/25*
Multi-Family Residential Low (MFRL)	26	Single-Family/Duplex = 6,000 sq ft	20/5/10/20
	26	Townhouse = 2,000 sq ft	15/5/10/15
Multi-Family Residential Medium (MFRM)	38	Townhouse = 2,000 sq ft	15/5/10/15
	38	Multi-Family = 10,000 sq ft	15/5/10/15
Multi-Family Residential High (MFRH)	62	Multi-Family = 15,000 sq ft	15/5/15
Mobile Home Park (MHP)	26	Mobile Home = 4,000 sq ft	10/10/10
Mixed-Use Neighborhood (MXN)	38	2,000 sq ft	5/5/15**
Mixed-Use Center (MXC)	62	N/A	0/0/15***

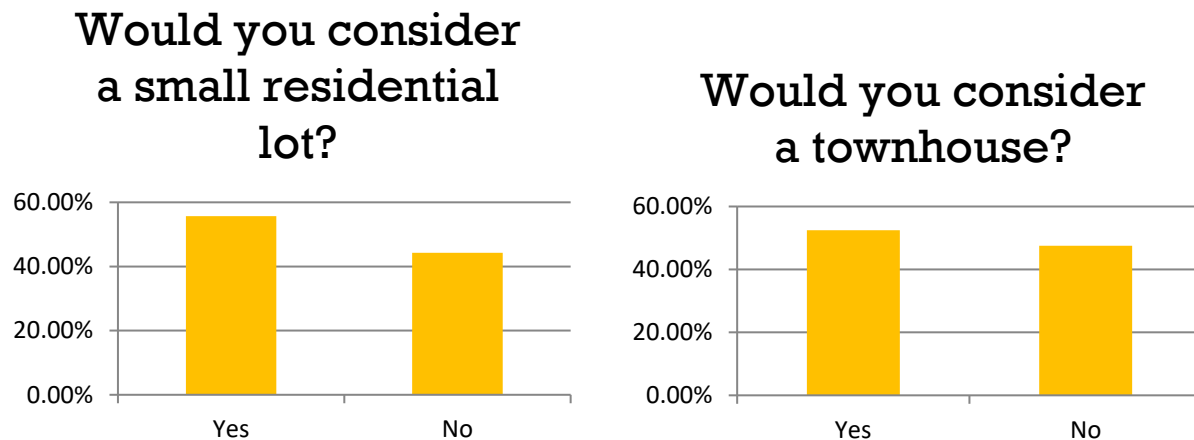
*Refer to the LDS for exceptions to these minimums; **MXN has a maximum front setback of 15 ft; ***MXC has maximum front setback of 10 ft and side setback of 5 ft.

- **Rural Residential (RR).** This is the least dense residential district meant to protect natural resources and heritage lands. Only 1 principal dwelling structure and 1 accessory dwelling structure (also known as an “in-law unit”) are allowed on a minimum 1-acre lot with a minimum width of 100 feet.
- **Single-Family Residential (SFR).** There are three sub-districts, SFR-A, SFR-B, and SFR-C in this district, which have varying minimum lot requirements of 3,000 square feet, 6,000 square feet, and 9,000 square feet, respectively to reflect the character of Gallup’s existing neighborhoods. Many districts allowing residential uses are zoned SFR. Developers of new subdivisions can choose the type of SFR to designate. It is recommended they chose SFR-A to accommodate more parcels between 3,000 and 6,000 square feet (which is a demand described on the following page) and build homes at more affordable prices. Like Rural Residential, this district allows 1 principal dwelling structure and 1 accessory dwelling structure (“in-law unit”) on a parcel; this allows in-law units in single-family neighborhoods which is a progressive tool making it easier to provide housing for seniors or singles who do not need an entire single-family home. However, accessory dwellings cannot be RVs or mobile homes regardless of the district.
- **Multi-Family Residential Low (MFRL).** This district allows multiple housing types, including single-family homes, duplexes, and townhouses (on subdivided lots) while maintaining low-density. The minimum lot size for single-family homes/duplexes is 6,000 square feet; the minimum lot for townhouses is 2,000 square feet. This district offers flexibility while maintaining the character of single-family neighborhoods, yet very little in the city is zoned as such and even fewer vacant lots remain available for development. It is recommended that the City look at more sites that might be appropriate to be rezoned as multi-family.
- **Multi-Family Residential Medium (MFRM).** This district allows for more dense townhomes and multi-family housing types with a maximum of three floors. There are even fewer areas in Gallup with this designation and there are very few vacant parcels in this zone.
- **Multi-Family Residential High (MFRH).** This is the highest density residential zone that encourages multi-family housing with up to five floors. There are pockets of this zone scattered throughout Gallup, but there are very few vacant parcels that are zoned for the development of high-density housing.
- **Mobile Home Park (MHP).** This district accommodates mobile homes and ensures they meet minimum design standards. There is a notable amount of land in the city designated as MHP, which leaves less land for higher density, mixed-use neighborhoods that accommodate housing and amenities. Although the LDS requires site permits for mobile homes, it does not require building permits, which could be encouraging their use over other new types of housing. Mobile homes are not permitted in any district of the city other than MHP. Mobile home parks are primarily built out and many are aging. It is recommended that property owners of dilapidated parks consider applying for a zoning change on their property or consider selling it to a developer so it can be redeveloped as quality multi-family dwellings if feasible given the surrounding neighborhood; redevelopment can increase the property owner’s equity and improve the land value of the area.
- **Mixed-Use Neighborhood (MXN).** This district is the lower density of the city’s two mixed-use districts and allows for the following types of residential: single-family and duplexes (with one accessory unit), town homes, and multi-family housing with a height restriction of 38 feet. The areas zoned MXN are concentrated near Downtown on either side of I-40. There are a fair number of vacant parcels scattered throughout this zone that have the potential of being redeveloped.
- **Mixed-Use Center (MXC).** This district is intended to attract the highest densities and activity as a city center. Heights are allowed up to 62 feet and multiple principal dwelling structures on each lot.

Downtown Gallup and along East Aztec Avenue from South Ford Drive to Boardman Drive are zoned MXC and have fewer than a dozen small, vacant parcels that could potentially be redeveloped. Commercial properties may also present an opportunity for mixed-use redevelopment or adaptive reuse. The City's Downtown MRA plan identifies properties that would be appropriate for mixed-use redevelopment. The City uses the Historic Buildings Section of the International Existing Building Code, which accommodates renovations of historic property to include adaptive reuse, such as residential uses on the second floor or above.

Given that more than half of survey respondents who would consider living on a small residential lot of 5,000 square feet or less (1/8-acre) or in a townhouse, it would seem that the City should reassess the amount of land in Gallup that allows smaller parcels and/or townhouse development. Respondents also said they want large homes with garages: 47 percent want 3 bedrooms, 30 percent want 4 bedrooms, and 54 percent want 2 parking spaces/garage.

Figure 16. Survey Responses to Lot Size and Townhouses



Rural Holding Zone

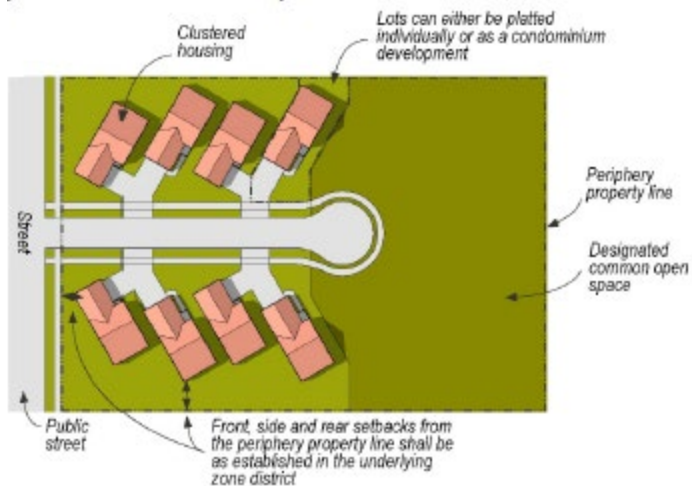
There is a district called Rural Holding Zone (RHZ) which is currently undeveloped and requires rezoning to the appropriate district depending on the type of development. Given the large amount of land zoned RHZ, it has the most potential for significant new housing development as shown in Figures 14 and 15. The Land Development Standards specifies that if public utilities and services are supplied to an RHZ parcel, it is eligible for a zoning amendment.

Cluster Development and Co-Housing Development

The recent update to the LDS allows for new housing types called Cluster Development housing or Co-housing Development in RR, SFR, MFRL and MFRM and MXN. Cluster Development is built with common open space and Co-housing has a common indoor space for cooking and gathering.

Cluster Development must have a minimum lot size of 5 acres and 30 percent of the gross area must be preserved as common open space. Cluster Development can be comprised of single-family, two-family, or townhouse dwellings that are individually platted or established as condominiums. Cluster Development is permitted to less lot area and setbacks with the condition that there is no increase in the number of lots permitted under a conventional subdivision in a given district and the reduced land area is devoted to open space. The City has not received any applications for such housing types, yet, but they could meet a specific housing need, however these housing types offer solutions to meet Gallup's housing demands.

Figure 17. Cluster Development



Co-housing must be on a minimum of 1-acre lots; its dwelling units must be 1,000 square feet or less and established as condominiums.

Figure 18. Co-Housing Development



Downtown Overlay District

The Downtown Overlay (DO) district intends to ensure that development and major renovations in downtown Gallup preserves the urban form and identity of downtown. The standards apply to residential, mixed-use, and non-residential structures. The DO district does not have a minimum lot area but requires lots to be a minimum of 30 feet wide and 100 feet length. To maintain the downtown street frontage, there is not a minimum front setback, but there is a maximum setback of 10 feet. This area requires no side setbacks and a minimum rear setback of 10 feet. The overlay gives priority to residential, retail, and other commercial uses. The Downtown Overlay requires expansions and renovations to adhere to requirements if they expand more than 25 percent or if improvements are more than \$450,000 they are required to pay up to 12 percent of the project budget to meet the landscaping and site standards required in the Overlay unless the property is on the National Historic Register.

Character Protection Overlay District

Areas within the older neighborhoods of Gallup have a distinctive character, which are protected by the Character Protection Overlay (CPO) district. No minimum lot areas are required, and the minimum lot width depends on the average of the adjacent lots' or opposing lots' widths. The front setback range is also determined by the adjacent four lots. Residential development is required to conform with the existing residential in building height, scale, size, orientation, and architecture.

Planned Unit Development (PUD)

Between 2016 and 2018, the City eliminated their Planned Mixed Use Zone as recommended in the Growth Management Master Plan and replaced it with a revised Planned Unit Development district to make the process more streamlined and provide more flexibility to applicants. Any parcel can be rezoned as a PUD district if the PUD is considered to improve the site in ways that conventional zoning could not, and it upholds the goals of the Growth Management Master Plan. A PUD Development Plan must be prepared, and it is required to go through the rezoning process outlined below (section 10-5-B-d-i. of the LDS) for approval. There are currently no properties zoned PUD although the City encourages this zone.

Subdivision Regulations

Subdivision regulations are included in the Land Development Standards. They ensure the proper utilities and infrastructure are included when land is subdivided and developed. In the past, new subdivisions were platted without provision of such infrastructure and remain unbuilt. The process of applying for a subdivision is detailed and explains the requirements including land suitability, grading, buffers, and protection of community assets.

Rezoning and Text Amendment Processes

The City can amend the zoning map or the LDS text for several reasons specified in section 10-5-B-d-i of the LDS. The following two reasons are most relevant to the provision of more housing:

- "Due to changing circumstances of land use in the area, the proposed district would be better suited to the area than the existing district."
- "The social, economic or environmental interests of the public good would be better served by the proposed district than the existing one."

Before rezoning or text amendments can be adopted, the Planning and Zoning Commission must *"Propose changes and amendments to the text of the Land Development Standards for adoption by the City Council."* Any changes require public notice and public hearings.

Rezoning Process

Zoning map changes can be recommended by City Council, the Planning and Zoning Commission, or the owner of the property.

Although City Council or the Planning and Zoning Commission can amend zoning, amendments have always been at the request of the property owner. There have been requests to redevelop the shutdown motels into affordable housing. Motels are allowed in commercial districts, but multi-family is not. The City cannot change zoning on one particular lot since that is considered spot zoning. But it is recommended that the City make a text amendment to allow multi-family as a conditional use in General Commercial districts.

Text Amendment Process

Anyone can recommend changes to text, however comprehensive changes to the LDS must be recommended by City Council: *"All recommendations for approval of any application for amendment to the text of this section or amendments to the official zoning map or the City master plan shall require the affirmative vote of four (4) members of the Planning and Zoning Commission."*



6.0 GOALS, POLICIES, & OBJECTIVES

Increase Housing Choice and Availability

Current Conditions

- There is a housing shortage in general. Few units are available for sale or for rent.
- New residents who have recently accepted employment offers find that it is difficult to find rental housing, and rents are higher than many workers can afford.
- A significant percentage of the local workforce accepts jobs in Gallup on a term or temporary basis. This includes teachers and medical personnel who have contracts for one or a few years. Some large employers provide housing, but most do not. It is common for these workers to rent rooms rather than their own apartment or house due to availability.
- People can't move up or down because of the lack of inventory and range of choices.
- Entry level professionals and service workers need housing affordable to them. Very little is available for workforce housing.
- Choices for higher wage earners are limited. There is a need for more market rate housing, both rental housing and housing for sale.
- Temporary workers, such as visiting nurses, short-term medical staff and teachers, need higher quality rental options.
- Middle density housing like townhouses and duplexes are an option for affordability. Gallup needs good models of these housing types.

Objectives

The City's recently updated LDS has a number of pro-housing policies that will help meet the demand, while maintaining the character of existing neighborhoods, like allowing accessory dwelling structures (known as in-law units) in the single-family districts and having a range of minimum lot sizes depending

on each single-family sub-district. The City can help promote new housing by making housing options known by:

- Recommending developers of new subdivisions zoned for single-family chose SFR-A to accommodate more parcels between 3,000 and 6,000 square feet to enable them to build homes at more affordable prices.
- Recommending that property owners of dilapidated mobile home parks consider applying for a zoning change on their property so it can be redeveloped as quality multi-family dwellings, if feasible given the surrounding neighborhood.
- Encouraging developers to consider cluster development or co-housing development in RR, SFR, MFRL and MFRM and MXN districts.
- Encouraging property owners to put property in older neighborhoods to productive use, including infill development in the Character Protection Overlay district, the Downtown Overlay district, and the Downtown MRA plan area.
- Encouraging PUD districts.

The City can consider making some changes to the LDS to address housing shortages:

- Amend text to allow multi-family as a conditional use in General Commercial districts.
- Look at more sites that could be appropriate for multi-family, especially medium density as described earlier as the Missing Middle Housing Types. These types of housing are more affordable to young people, seniors, and the workforce.
-

Rehabilitate Homes and Develop Vacant Lots to Support Stable Neighborhoods

Current Conditions

- Housing stock is old and in poor condition. Landlords have no incentive to invest in maintenance or rehabilitation. Owner modifications can be poor quality.
- Vacant, abandoned homes are prevalent in many older neighborhoods.

Objectives

The City of Gallup is already following and addressing the vacant and abandoned property throughout the city in a more comprehensive way than most cities in New Mexico. However, the City does not have the capacity or interest in becoming responsible for all the vacant and abandoned buildings. There are local resources, including non-profits who have an interest in improving housing options.

To encourage the rehabilitation or redevelopment of vacant and abandoned property that provides residents with more housing options and improves the overall health and look of the community, the City could consider taking any of the following steps.

1. Develop a comprehensive strategy:
 - Convene a Housing Taskforce with government entities, including McKinley County, lawyers and title professionals to assess the local and state laws regarding abandoned

- property, tax foreclosure statutes, and the feasibility of developing a land bank for abandoned property such that they can be returned to productive use.
 - Consider taking part in a Center for Community Progress training that helps communities address vacant and abandoned properties and get them back into productive use.
 - Update laws at state and local levels to address vacant and abandoned property. Reassess and establish fees/fines for property owners not in compliance that makes it less desirable for property owners to do nothing.
 - In the interim, initiate a citywide cleanup and consider hiring residents to clean up blight.
2. Develop a systematic process to assess and return homes to productive use:
 - Make an abandoned property list.
 - Prioritize funding for new City staff code enforcement positions.
 - Identify property owners and hold them accountable. For example, continue to give 30 days to clean up their abandoned/unmaintained properties and register vacant property. If they do not, impose fines.
 - Register all vacant/abandoned buildings.
 - Charge the property owners of such properties fees until property is brought to code. Specify that collection of these fees is combined with annual taxes if not paid and they become maintenance liens requiring fees be paid before sale of property is final.
 - Make the rehabilitation and maintenance process clear and understandable to the public through a campaign and webpage that provides property owners with assistance to maintain, sell, or buy properties.
 - From this point on in the process, the decisions made in the comprehensive strategy will determine whether the City pursues the land banking option or chooses to work with a non-profit housing developer or community development corporation.
 - Market and sell buildings once they have been foreclosed; work with community stakeholders to identify priority sites.
 - Leverage private and public funding for properties beyond repair to assist with demolition or deconstruction costs. Deconstruction is a more sustainable form of demolition that allows materials to be recycled and sold, which provides income to owners and jobs for locals.
 - Establish a greenlining fund to help prospective homebuyers get mortgage loans.
 3. The City of Gallup could encourage McKinley County on the following steps:
 - The County Treasurer's Office currently aids property owners struggling to pay taxes through an installment payment plan. The County can make residents more aware of this assistance.
 4. The County can begin foreclosure on properties that have not had property taxes paid for three years so they can be available for rehabilitation or demolition (if beyond repair) and can be put back into productive use. Build capacity of local non-profit housing developer or community development corporation:
 - Once the steps above are completed and abandoned property is foreclosed, a housing developer can begin to bring properties into productive use.
 - Identify properties with buildings beyond repair for demolition and new construction of affordable housing for multiple income levels.

- Work with a local non-profit such as Habitat for Humanity that can renovate units for sale to low- and moderate-income families.
 - Identify properties with buildings that can be restored as rental properties.
 - Build capacity for this entity to work with rental property owners to bring buildings up to livable conditions and improve the quality of the rental market.
5. Request use of CDBG funds for housing projects that benefit distressed neighborhoods.
- The State of New Mexico allocates its CDBG funding for non-entitlement communities for capital improvements, infrastructure and planning. There are also funds for housing and economic development that benefit low- and moderate-income households. Projects that help stabilize and upgrade low- and moderate-income neighborhoods should be considered for CDBG funding. The City can work with Northwest New Mexico COG and the New Mexico Department of Finance and Administration (DFA) to develop a successful project and funding request. DFA coordinates the administration of some housing projects through MFA, so MFA could be part of the project development.

Remove Barriers to New Housing Construction

Current Barriers

- Construction costs are high. The rate of construction does not allow for economies of scale.
- Soils and topography are difficult.
- There are local builders, but there are no local architects and there are limited skilled tradespeople, such as electricians, plumbers, etc. Often developers bring in their own tradesmen.
- Infrastructure upgrades are needed to support new development.

Objectives

The City can address several challenges facing construction of new housing, including the lack of skilled tradespeople and the number of platted parcels without infrastructure:

- The City can reassess its ability to vacate a plat and revise City ordinances so it can become a partner in providing infrastructure on parcels.
- The City could assist with infrastructure improvements, including public assistance to help the private sector fund infrastructure through a public improvement district, special assessment district or bond funding. Infrastructure projects to support growth could be funded through the City's capital improvements bond program. Privately financed infrastructure improvements could be built through a special assessment district, in the case of a platted subdivision, or through a public improvement district. In each of these cases, the cost of infrastructure improvements is paid overtime by assessments on the properties within the districts. Public improvement districts are appropriate for large developments because of the costs associated with setting up and managing a district.
- The City can promote trades training and certification through the GGEDC's Building Trades in the Community program and work with UNM-Gallup's Construction Technology program to increase and improve the quality of trades in the area.
- Gallup is within an Opportunity Zone west of US 491/State Highway 602. The tract includes the Gallup Energy Logistics Park and involves improvements to County roads. Workforce or affordable

housing are considered as groundwork for business growth. The City can leverage the Opportunity Zone tax incentives to address the community's need for affordable housing. There is a toolkit available to help municipalities throughout the state utilize the tax incentives to meet their community's needs.²

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Maximize Coordination of Local Entities and Resources

Local Entities and Resources

- There is vacant land that could be developed. Land owned by the City or other public entities could be an incentive for affordable and workforce housing developers.
- Schools and hospitals could participate in housing projects that serve their employees. Some of these institutions already provide some employee housing.

Objectives

Vacant land owned by public entities and large companies can be targeted for new housing sites.

Increase Homeownership Opportunities for Gallup Residents

Current Conditions

- While the denial rate for home mortgage loans has decreased over the past three years, over 100 mortgage loan applications in McKinley County were denied in 2018. Most denials were because of current debt or poor credit.
- Some Public Housing residents have employment opportunities that make their incomes too high to qualify for public housing. These residents are potential homeowners.

Objectives

1. Increase participation in homebuyer education available in Gallup.
 - Navajo Partnership for Housing provides home buyer classes and is a member of NeighborWorks America, a national non-profit that provides financial support, technical assistance, and training for the organization. The organization is also an approved Counseling Organization. The City of Gallup can help make residents aware of this service.
 - Support the efforts of the Gallup Housing Authority to create homeownership opportunities for higher income public housing residents. HUD's Section 32

² https://governanceproject.org/wp-content/uploads/2019/07/TGP_Toolkit.pdf

- Homeownership Program allows Public Housing Authorities to assist public housing families to purchase homes through the Public Housing Capital Fund.
- Work with local non-profit organizations to rehabilitate existing homes that can be sold to moderate income buyers.
 - A community development corporation or non-profit could offer homeownership assistance for low-income or poor credit individual a rent-to-own option where tenants can rent an affordable property and move into a homeownership/mortgage loan approval track after completing a 2-year rental period.
2. Promote awareness of home buyer assistance that is available to Gallup residents through existing programs.
- MFA and USDA have several programs that are geared to first time home buyers. Assistance includes low-interest loans and down payment assistance. These programs are described in Appendix D. Funding Sources.

Housing Production Goals

Objectives	Annual Average	5-Year Goals
Housing Rehabilitation		
Initiate acquisition of vacant and abandoned properties and implement a scattered site program in collaboration with Habitat for Humanity	4	10
Complete rehabilitation for low-income homeowners	10	50
Increase capacity of the clean and lien program	30	150
Implement a proactive program to acquire and rehab foreclosed and abandoned properties	2	10
Provide rehab and maintenance assistance to enable cost burdened seniors to remain in their homes	5	25
Homeownership		
Increase participation in homebuyer education to increase successful home mortgage loan applications	100	500
Work with the Gallup Housing Authority to enable high income public housing residents to purchase homes	12	60
Increase production of market rate housing through new subdivision development and infill	35	175
Develop affordable homeownership opportunities for entry level workforce—up 50% to 100% of AMI	25	125
Rental and special needs housing		
New affordable rental housing units built over 5 years	N/A	250
Rehabilitation of existing affordable rental housing	N/A	120
New affordable, accessible rental housing for seniors	N/A	50
Supportive housing units/services included above	N/A	15
Market rate rental housing	N/A	80
New rent subsidies for people with special needs	10	50
Regulatory changes		Timeframe
Develop a vacant and abandoned building strategy to assess and return homes to productive use	2021	
Adopt a vacant building ordinance and registration process	2021	
Streamline regulatory review for affordable housing	2021	
Capacity building		
Increase code enforcement capacity	2020	
Form a Housing Taskforce	2020	
Develop an abandoned properties list	Ongoing	
Support local efforts to increase participation in UNM-Gallup construction technology programs	Ongoing	
Collaborate with local non-profits to build capacity to assist with vacant and abandoned properties	Ongoing	
Sponsor at least one educational event per year to link housing resources with potential homebuyers	Ongoing	
Promote the existing housing resource guide for residents	2021	
Funding and in-kind support		
Increase infrastructure assistance for affordable housing	Ongoing	
Work with local institutions that are interested in participating in workforce housing projects	Ongoing	

Goals, Policies, & Objectives

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APPENDICES

Appendix A. Working Group Summaries

HOUSING NEEDS ANALYSIS

Housing Working Group

Kickoff Meeting

2-4 pm
January 16, 2020

Meeting Notes

Meeting Attendees

CB Strain, Planning and Development Director with City of Gallup
Nikki Lee, Planning Specialist with City of Gallup
Stan Henderson, Public Works Director with City of Gallup
Phyllis Taylor, Principal Planner with Sites Southwest
Rosie Dudley, Senior Planner with Sites Southwest
Amparo Usrey, Gallup Board of Realtors
Jason Valentine, Coldwell Banker and High Desert Realty
Bruce Armstrong, Economic Development Manager with Greater Gallup EDC
Marc DePauli, DePauli Engineering (represented City of Gallup Water/Wastewater)
Brandon Howe, NWNM Council of Government
Martin O'Malley, General Manager of Gallup Land Partners
Scott Sullivan, Development Director of Gallup Land Partners
Rollin Wood, Executive Director of NPH and CEO of Clearwater Country (a subsidiary of NPH) 5013c

Overview

Phyllis Taylor Sites Southwest introduced herself and asked all participants to introduce themselves. She then described the study's scope of work, schedule, and role of the working group. Following her presentation, she asked working group members to think about current housing issues and provided the following questions to spark the discussion:

- What are the top housing needs in Gallup?
- Why aren't these needs being met?
- What resources are available locally?
- What needs to happen as a result of this plan for you to consider it a success?

Discussion

- Critical affordable housing shortage. 39 houses are listed. Typically, we'd have 155 or 125 homes on the market. 18 percent less on the market.
- People used to move out of their homes sooner. Waiting to move because there isn't enough inventory. People can't move up or downsize due to lack of inventory.
- People are in better equity position (can put more than 20 percent down).

- There is no new development currently.
- Most housing was built in 1958. Less than 10 percent was built since 2000. Average age is 1970.
- The rental market demand far exceeds the supply. Landlords don't do anything to fix their places because they can rent to a long list of people. We lose qualified teachers and professionals because there are no quality places to live.
- If you have a decent income, the rent is too high. No open apartments for professionals.
- Places don't allow pets.
- Some are asking for \$1,500-1,800 rent per month. Some of these are just converted garages and basements.
- There is not a wide range of available housing—people of various incomes are living in motels and the higher cost suites, because there is not housing—full range of price points.
- Functional obsolescence of the inventory. People try to add a room without any spatial considerations or how it should work. Much of the inventory isn't functional. Realtors have purchased thermal cameras to see what's in the walls (windows covered over without insulation) to see how bad the renovations have been.
- Professionals who move here must settle due to time crunch and lack of choice.
- Nationwide trend of homebuilders just now building less luxury homes to meet the demand at the middle market.
- The lifespan of the structure is important. We don't want to build tomorrow's slums.
- It can be easier to find a house to buy than it can take to rent a nice place.
- Teachers and nurses will have the most information about the rentals.
- ReMax helps with rentals. Property managers at all the broker offices.
- A physician assistant lives in a travel trailer. Build a nice trailer park so people can park trailers. Afraid to invest here in case they can't stay or sell it at a profit so want a temporary option.
- NPH is a 501c3 and is interested in investing but there is a lack of quality data. Have met with IHS but can't give their data so banks won't support it. Ready to go with an MOU but we need the data that bankers can sign off on.
- We can get a lot of information through the community survey's commuting population. Survey will be open mid-February through mid-March.
- Infrastructure is antiquated and non-existent. Some areas need water and sewer lines. We have areas in Stagecoach with a sewer line meant to serve it, but there is no interest in developing there. The areas where people want to live don't have utilities. Lateral lines would need to be added in any of the desirable locations. We could build 40 homes along Stagecoach, but it's not considered attractive.
- Need to develop commercial on the west end so it's more desirable to live there. A community shopping center with a grocery or Walmart as anchor tenant takes 20 acres.
- Construction costs in this town are very high. Soils and topography play a role because the rock and excavation make it difficult to put in utilities. Gallup soils are bad and worse. It drives up the cost. We have clays, shales, and rock. Impacts roads and drainage. Where alluvium materials were deposited near airport it's easier. It costs 25 percent more to build here. The soil is blamed. And proximity to quality aggregate for concrete. The cost of materials is also higher if purchased locally. It is cheaper to buy materials outside of Gallup, so we need to buy elsewhere to be able to save on the materials and make it affordable to build and buy. The cost to build is \$180/foot; we can't afford that. It's not the price point for people who need homes. Roads and streets cost \$1000/foot right now. Without stimulus housing will not come in. The incentive isn't there. Contractors will not lower profit margin. Landowners are the same. The cost of infrastructure is too high so scares off development. City is not able to subsidize. NM has anti-donation rules. If it's not meeting affordable housing guidelines, it can't be subsidized.

- We had a platted subdivision in 1975, but no infrastructure was included (no roads, utilities, sewer or water). It would not have been allowed now. Hadden Estate owns it. Developer was interested but went to Clovis and Hobbs instead and is developing 300 homes there. They have the economic development. Right now, we don't have an economic impact that would excite a builder to build here. We need an economic push.
- The City of Gallup has to bond for improvements. The towns that require impact fees are the places that have the best growth because they can control it better. You can use the fees to bond against. But you need a certain volume of construction to make impact fees worthwhile. Must do a capital improvement plan to specify what money will be spent on. Fees can only be used for major infrastructure, not the local streets and utility lines.
- The number of vacant or abandoned homes that need to be rehabilitated is off-putting. It's the first step to attract new investment.
- There are no architects and not enough licensed contractors. Can't get an electrician or plumber.
- More money towards code enforcement. MEP inspectors are at the state level, and there are not enough statewide.
- Had an informal conversation with Superintendent of Schools after the Impact-Aid funding lawsuit. There was been a long-term battle. Wants to use the money to pay for housing. Could fill 200-300 apartments with teachers.
- There's a ton of land (GLP). Even without GLP there is a ton of vacant land, some infill lots, and vacant housing.
- The City will provide the pipe for infill development. The developer will have to install the utility lines.
- Need to take advantage of existing housing and rehab. An REIT could help fix up and sell homes. The City would make money; the trust would make money; the community would look better; and all would benefit. Want a public improvement district for housing in the Downtown.
- Launch is a company working to make public improvement districts easier at the state level. Working with the legislature. Martin can get us contacts.
- The MRA can contribute, but Gallup's mostly includes commercial property. The business improvement district is not making money since property values have dropped.
- We have some companies interested in locating here because don't have to pay people as much. So that affects what type of housing to provide.
- We need to consider the demographics and what people are looking for, such as plots that allow for horses, chickens, and a trailer. We need multigenerational housing. Gallup is a unique place that can't be modeled after other communities in NM.
- Need for public education around housing, how to maintain a home.
- Jason has a monthly letter that comes that educates buyers and sellers. It's the job of realtors to educate sellers on what will sell and what can increase/decrease the value of the home.
- Quality of the education available is a factor.
- Affordable housing has low favorability across the county. The plan should be clear when we are talking about workforce housing, not public housing. Affordable housing is not the same as low-income housing.
- Need attention to this definition because workforce housing is used and needed by so many young professionals.
- Some current residents of low-income housing won't take jobs with higher pay that will make them ineligible for low-income housing. They need affordable move-up housing.
- Mixed-income apartments (Hooghan Hozho) is income-based; the highest income allowed is at or below 115 percent of AMI (allowed for 13 of the 46 units). It accommodates a mix of incomes—60 percent to 115 percent of AMI).

Appendices

- GLP develops in 17 states/areas and this is the only place that doesn't charge an impact fee. At some point the City and developer needs to start it so the City can have resources. Impact fees can only be spent on major streets, sewer plants, etc. If current level of service is low, the City would have to improve the service before you can improve the level with impact fee funds.
- State grants fund the capital improvements program with general fund matches. Maxed out of GO and revenue bonds.
- CDFI and 501c3 has funders that specialize in working with low- to moderate-income homebuyers.
- What about community land trusts? They can be good for affordable housing; people buy the long-term lease and can sell after they can afford more but required to keep it affordable.
- We need a wide range of home prices. Some in the \$150-\$250,000 range. Also, lower prices so people can afford it. Transloading jobs are paying \$18/hour and starting in March there will be 175 trucks coming in and out. The teacher issue—recruiting heavily from the Philippines and they are sharing housing since there is not a lot of choice and may be seeking to pay less so they can save money.
- Service industry housing.
- Need to start at the workforce level—allowing housing to be affordable for service workers. Phase the growth.
- The local banks don't provide enough information to homebuyers on the process (systemic problem), so homebuyers don't know what is available to them or borrowing options.
- Mortgage funding options:
 - All of Gallup qualifies for USDA 502 program. The VA loans are not being taken advantage of.
 - CDFI funding
- The Census vacancy data will show more information about vacancy status. Usually what is available to rent or buy is a fraction of all vacant housing. Look at Zillow and Realtor.com to see their rental rates and get a better sense of vacancy rates. And we'll look at the City's code violations of homes that have been red tagged. We'll look to see what's available for rent.
- 30 percent of population is senior or approaching retirement age. Looking to leave since medical care isn't great.
- Beehive is a memory elderly care assisted living facility.
- The developmental disability waiver laws indicate housing needs to be integrated into the community so people with disabilities are living in single-family districts. Probably 15-20 homes in the community with four to five residents in each.

Other Stakeholders

We discussed including the following representatives in the stakeholder focus groups:

- School District
- Hospital
- Wells Fargo (NeighborhoodLIFT program which provides down payment assistance to families for 120 AMI).
- Pinnacle (wants to lend more for mortgages, but homeowners don't know about it)
- Landlords

Actions

We identified the following action items:

- *Identify specific landlords/rental properties for stakeholder interviews. (Underway)*

- *Get MLS data from Jason Valentine for past 3 years and cost for new construction per square foot. (This task has been completed.)*
- Ask Martin O'Malley (Gallup Land Partners) to share contact information for "LAUNCH" regarding public improvement districts.
- Ask Rollin Wood (Navajo Partnership for Housing) if can share Wells Fargo's contact information regarding the neighborhood lift program and NPH's townhouse costs/sq ft.
- Ask Marc DePauli (DePauli Engineering) to send development costs per square foot (including infrastructure costs).
- *Look into potential impact fees.*
- *Look into financing of community land trusts.*

Next Steps

We discussed the next steps in the Housing Analysis:

- Working Group—Initial findings and discussion
- Stakeholder interviews or focus groups
- Community Survey
- Employer Survey

HOUSING NEEDS ANALYSIS

Housing Working Group

Virtual Meeting

10-11:30 am

March 27, 2020

Meeting Notes

Meeting Attendees

CB Strain, City Planning & Development
Nikki Lee, City Planning & Development
Maryann Ustick, City Manager
JM DeYoung, Assistant City Manager
Stanley Henderson, City Public Works
Dennis Romero, City Water/Wastewater
Patty Lundstrom, GGEDC
Bruce Armstrong, GGEDC
Brandon Howe, NWNMCOG
Martin O'Malley, GLP
Kristina Acothley, GLP
Valerie Espinosa, GLP
Jason Valentine, Coldwell Banker High Desert Realty
Rollin Wood, Navajo Partnership for Housing
Amparo Usrey, Realtor's Association
Phyllis Taylor, Sites Southwest
Rosemary Dudley, Sites Southwest

Overview

CB Strain welcomed everyone to the call. Nikki Lee asked for a roll call. Rosie Dudley of Sites Southwest outlined the meeting's agenda and where we are in the process and reminded working group members of the study's scope and goals. She then presented the findings from the community and employer surveys (see presentation attached). Following her summary, Phyllis Taylor of Sites Southwest presented the latest housing and economic data from the US Census, MLS, Zillow, Craigslist, and the NM Department of Workforce Solutions. Then she asked working group members to weigh in with their comments and questions.

Discussion

The following questions and points were discussed:

- Is there a mechanism to look at long-term Airbnb rentals? Medical professionals rent Airbnb properties month to month as an alternative to long term rentals. CB Strain responded that the City added a new use of short-term rentals in its new Land Development Standards (LDS), but these only apply to rentals of 30 days or less, not longer-term stays. They are trying to track these uses for compliance with the City code but do not have many registered.
- What about housing on Navajo land? Chapters surrounding Gallup have issued homesite leases to tribal members from other chapters. Is there a way to find out if this is a result of people who can't find a place to live in Gallup? They may not have responded to the survey. Nikki responded that some individuals have other options and are looking to buy homes outside of Gallup. Homesite leases may be related to that. Phyllis will follow up on that question since the idea of housing on tribal land came up in interviews. NHA and the Southwest Indian Foundation may be good information sources.
- People can't afford to buy in Gallup. The housing cost burden for households with incomes below \$20,000 is the biggest problem. If we get new housing of all types, this will relieve rental rates. It would be good to move people into affordable homeownership. This will balance out the need and the inventory and will open options, forcing landlords to invest in their properties and lower rents to a reasonable amount, from \$1,200 to \$900, say.
- There is a tremendous opportunity to take advantage of low-interest rehabilitation loans as a community so we can improve vacant and abandoned buildings. Should let people know of what options there are (loan availability) to get homes up and operational. Nikki suggested talking with Rollin Wood about this.
- Is there an agency that can take on a scattered site approach? Habitat for Humanity is a potential partner in housing rehab and new infill housing. They have capacity for more than one or two homes per year if they had the property.
- The Navajo Partnership for Housing is a 501c3 and is an eligible buyer for a Section 170 bargain sale. There are tax incentives to the seller to sell to a nonprofit.
- What amount of Gallup properties are vacant? The City has several properties with Code Enforcement action for repair or condemnation/demolition. It also has a clean and lien program that uses City funds to clean up weeds, trash, and debris and board up unsecured properties if the property owner fails to do so within a given time frame. The City spends \$60,000 to \$90,000 on this per year. The number of cases is in the high 20's or more.
- Regarding demolition, the cost of a teardown is high, primarily because of asbestos removal and abatement. The cost is about \$30,000 for a 1,200-square foot home, which is a burden for the City to take on. Financing options to pay for demolitions and rehabs should be researched.
- Higher densities are allowed in the new LDS. Cluster housing and co-housing are new allowed housing types. The Downtown Overlay District encourages mixed-use, commercial and residential.
- The Downtown Historic District has designated structures and infill guidelines. This should be referenced in the housing study. Downtown is mostly commercial buildings and does not include single family homes. Regarding homes in the historic district, the City LDS have provisions for making infill easier, but building and fire codes make rehab costly. However, the downtown district is mostly commercial.
- Is there data on people who are paying more than 30 percent of their incomes for housing? Phyllis can report on 30 percent and 35 percent from the Census and will look at the survey results to see how much more than 35 percent.
- Is there a way to know what higher income households are looking for? Sites Southwest will look at survey results.

- Why does the MLS data show an adequate supply of housing—more than what is selling if it is hard to find housing? Jason responded that in his experience, homes in good condition sell quickly. Numbers are skewed by houses in poor condition that are on the market for a really long time and listed year after year. Sites Southwest will look at MLS data to analyze days on the market. We can cross reference each year to identify duplicate properties.
- How long can properties stay vacant before in violation? What have other cities done to address vacant housing? Sites Southwest has been researching this because it is an issue for so many communities in New Mexico and across the country. Last year, Albuquerque hired a firm to analyze their options in addressing abandoned, particularly land banking. One of the recommendations from that study is to change state laws regarding liens and foreclosure rights. Sites Southwest will continue to research and make recommendations that can help Gallup. CB responded that condemnation ordinances are addressed at the state level. The State gives municipalities the authority to condemn. Gallup uses state boilerplate, but there is no time frame for condemning a property. The City looks at the greatest danger to the public, but vacant buildings fall apart over time. It is the personal responsibility of the owners to maintain and repair buildings.
- Regarding rehab in general, Gallup is not an entitlement community for CDBG funding, which is how most cities provide rehab low-or no-interest loans and grants. Gallup gets small cities funding through the state. This program does not allow for rehab.
- Look into Escalante Power Plan closure and school closures.
- Teachers are an example of employees who come in on one-year contracts and then leave because housing is not available. School closures due to COVID-19 will impact rentals.
- COVID-19 is making this a very uncertain time.
- Johnny Gonzales at the EDC can provide more information on skilled trades.

Actions

We identified the following action items:

- Follow up on residential development on tribal land.
- Provide more detail on cost burdened households.
- Look at survey results regarding cost burden and market rate housing preferences.
- Review MLS data and analyze for truer picture of days on the market and inventory.
- Complete review of what cities are doing regarding vacant and abandoned properties.
- Contact Johnny Gonzales at the EDC regarding skilled trades.

Next Steps

- Working Group—preliminary recommendations
- Continuation of stakeholder interviews
- Rough draft for MFA and staff review

HOUSING NEEDS ANALYSIS

Housing Working Group

Virtual Meeting

3:00-4 pm

May 27, 2020

Meeting Notes

Meeting Attendees

CB Strain, City Planning & Development
Nikki Lee, City Planning & Development
Dennis Romero, City Water/Wastewater
Patty Lundstrom, GGEDC
Bruce Armstrong, GGEDC
Brandon Howe, NWNMCOG
Martin O'Malley, GLP
Rollin Wood, Navajo Partnership for Housing
Phyllis Taylor, Sites Southwest
Rosemary Dudley, Sites Southwest

Overview

CB Strain welcomed everyone to the call. Nikki Lee asked for a roll call. Phyllis Taylor of Sites Southwest presented a summary of the plan recommendations.

Nikki Lee told the group that the project is on track for a June 9th approval by the City Council and is on target to meet its June 30th deadline.

Working group members then weighed in with their comments and questions.

Discussion

The following questions and points were discussed:

- GGEDC's Greater Gallup Industrial Workforce Program should be included as a resource. This is an employer-led 10-week program that is designed to give residents hands on training and then placement in an internship, pre-apprenticeship program or long-term job. This program could help meet the need for construction trades workers in Gallup. Bruce will send information to Nikki.
- Housing is related to economic development and community development is part of that. As part of the solution for seniors who are having trouble staying in place, Bruce asked that casitas or mother in law units be addressed as part of the "missing middle" and should be included in the report.
- The plan mentions the dilapidated housing and mobile home parks. Bruce Armstrong noted these during our site visit at the beginning of the project. The language in the plan is to encourage

these to be cleaned up, demolished or rehabbed. Is there stronger language that could be used to set the elimination of these blighted properties in the report?

- CB Strain noted that the mobile home parks were large tracts that were not subdivided, but if decommissioned they could be subdivided to accommodate single lots for single-family development or larger lots for multi-family. This makes them a good option for redevelopment. The mobile home parks are closing down as they become too expensive for owners to maintain. CB then spoke about how the City has condemned dilapidated homes in the past and donated them to Habitat for Humanity. Right now, the City's budget for continuing this is unknown with the current COVID-19 pandemic.
- Bruce asked for examples of co-housing and cluster housing. He was not familiar with that housing type. Nikki and CB responded that co-housing and cluster housing were new to the City of Gallup Land Development Standards. Nikki displayed the two images from the new LDS to the Working Group and asked the consultants to include as examples in the final report. She listed districts where these uses are allowed. She has also asked that the report show these two new housing type definitions.
- Rosie Dudley mentioned that accessory units are allowed in several districts in the code.
- Bruce noted that there were a number of resources out there for housing. Is there a common location for information about all of these resources? Could this information be put on a website? Phyllis Taylor answered that the recommendation is to have a brochure or central location where the public could access information about local resources. The Housing Summit could also be a place where this information would be available.
- Bruce asked if and how the City should move to implementation. Could a standing Housing Task Force be one of the outcomes of the June 9th City Council meeting?

Actions

We identified the following action items:

- Working group members will get comments to Nikki by Friday, May 29.
- The final draft for City Council will be submitted on June 2 for public review and inclusion in the Council packets.

Next Steps

- June 9 virtual public hearing before City Council. The meeting will be at 6 pm and will be a Facebook live stream on the City of Gallup's Facebook page: <https://www.facebook.com/CityOfGallup/>

Appendix B. Stakeholder Interviews

The plan was informed by stakeholder interviews with representatives of the following entities. Interview responses are not included to protect privacy.

- Gallup McKinley County Schools
- Habitat for Humanity-Gallup
- Murphy Builders
- Pinnacle Bank
- Presbyterian Medical Services
- Gallup Housing Authority
- Rehoboth Christian School
- Rehoboth McKinley Christian Health Care Services
- Southwest Indian Foundation
- UNM-Gallup
- Wells Fargo

Appendix C. Community and Employer Survey Results

On behalf of the City of Gallup, Sites Southwest conducted a community survey of people who live and work in the city and an employer survey of employers in the city. The online surveys were open from February 1 to March 22 of 2020. The City publicized the link to the survey on its web page, through the local newspaper and through its email list. The link was also distributed to City employees. Employers were provided with links to the community survey so they could share with their employees and to the employer survey so they could provide information about their employee income levels and housing needs. Information about the employer survey was distributed through the project Working Group, Greater Gallup Economic Development Corporation and the Gallup-McKinley Chamber of Commerce. An email with links to both surveys was sent to all City business license holders that have email addresses. A total of 156 community surveys and 23 employer surveys were completed. The surveys asked a number of questions about current housing conditions, affordability, availability and preferred housing options.

Community Survey

1-2. Where do you live?

Respondents were asked their home zip code where they lived. Seventy eight percent of respondents live within the City of Gallup. The next most represented communities are South of Gallup and north of Gallup. Responses from people who live west of Gallup and east of Gallup and other were about 8 percent of the total.

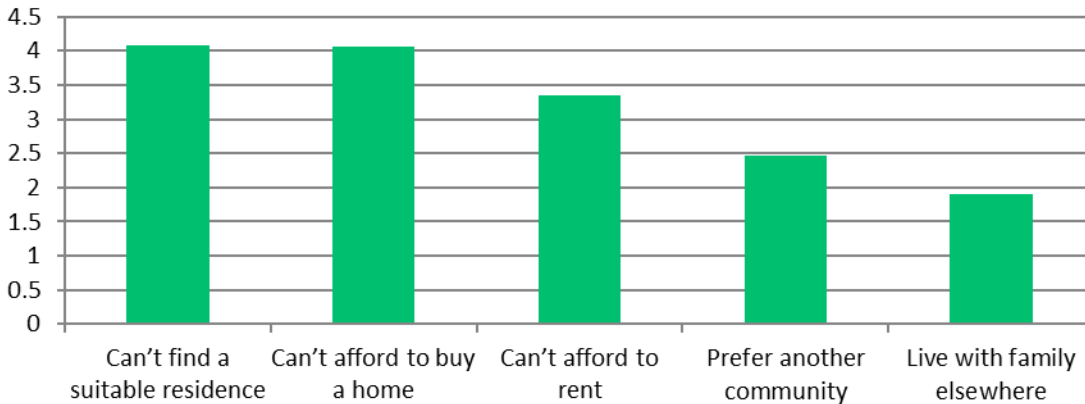
3. Are you a long-term or short-term resident?

Ninety four percent of respondents are long-term residents of the area. One percent short-term residents. The remaining five percent commute from outside of the area.

4. If you don't live in the City of Gallup, why not?

Respondents were asked to rank their reasons from one to five for not living in the city. Respondents were able to include "N/A" in the ranking for any reason that did not apply to them. The scores ranged from 1.9 to 4.1. The highest scoring reason is that the respondent can't find a suitable residence, followed by the inability afford to buy a home and the inability to afford rent.

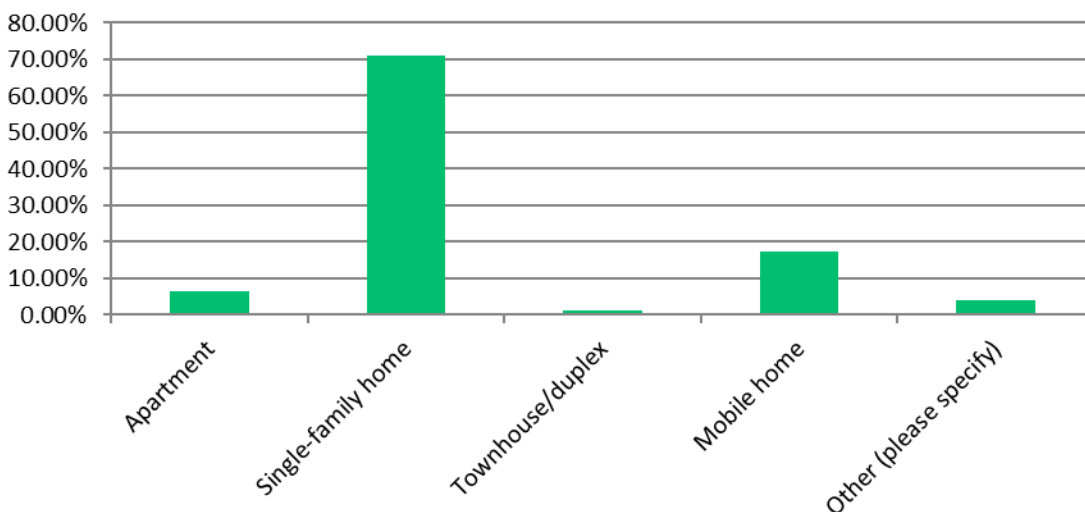
If you don't live in Gallup, why not? (Rank in order where 1 is the primary reason you do not live in Gallup. If a reason does not apply to you, check "N/A".)



5. What type of residence do you live in?

Seventy one percent of respondents live in a single-family home. About seventeen percent live in mobile homes. Other living arrangements mentioned include apartments with six percent, townhouses/duplexes, and other living arrangements.

What type of residence do you live in now?



6. How many bedrooms and bathrooms are in your home?

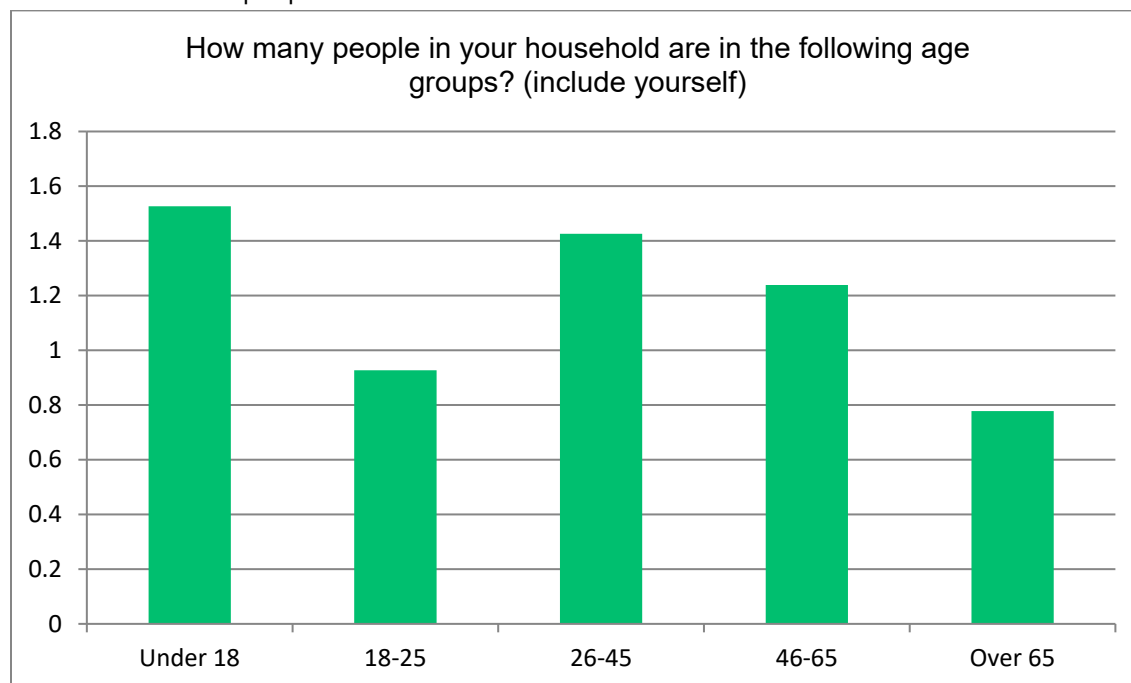
Fifty-three percent of respondents live in three-bedroom homes, followed by twenty-two percent living in four-bedroom homes, and sixteen percent living in two-bedroom homes. The remaining live in one- or five-bedroom homes. Fifty eight percent of respondents live with two bathrooms, twenty-five percent live with one bathroom and the remaining live with three or more bathrooms.

7. How many people including yourself live in your household?

Twenty-eight percent of people who responded to the survey live in two-person households, followed by four person households with twenty-one percent, three person households with nineteen percent and one person and five person households with twelve percent each. Six, seven and eight person households make up the remaining six percent.

8. How many people in your household are in the following age groups?

In twenty-seven percent of the respondent households, the householder is age 26 to 45, and in twenty four percent of respondent households the householder is under the age of 18. In twenty-two percent of respondent households, the householder is between 46-65. The remaining twenty-eight percent belong to households with people over 65 or between 18-25.



9. How many adults (age 18+) in your household are currently employed?

At least one adult is employed in 93 percent of respondent households. In 7 percent of households, there are no adults employed.

10-11. Work Locations

Ninety percent of respondents work in the City of Gallup. Ten percent of respondents work elsewhere. When there are other working adults in the household, 49 percent work in the City of Gallup and 51 percent work elsewhere.

12. How long does it take to drive from your house to your place of work?

Sixty three percent of respondents drive ten minutes or less to work, and twenty seven percent drive between ten and thirty minutes. The remaining have longer commute times than thirty minutes.

13. Do you own or rent your residence?

Sixty seven percent of respondents own their residences, twenty-eight percent are renters, and the remaining five percent have other living arrangements. Most of the remaining three percent live with parents or other family.

14. Would you consider moving to a different home that better meets your needs if a suitable home were available?

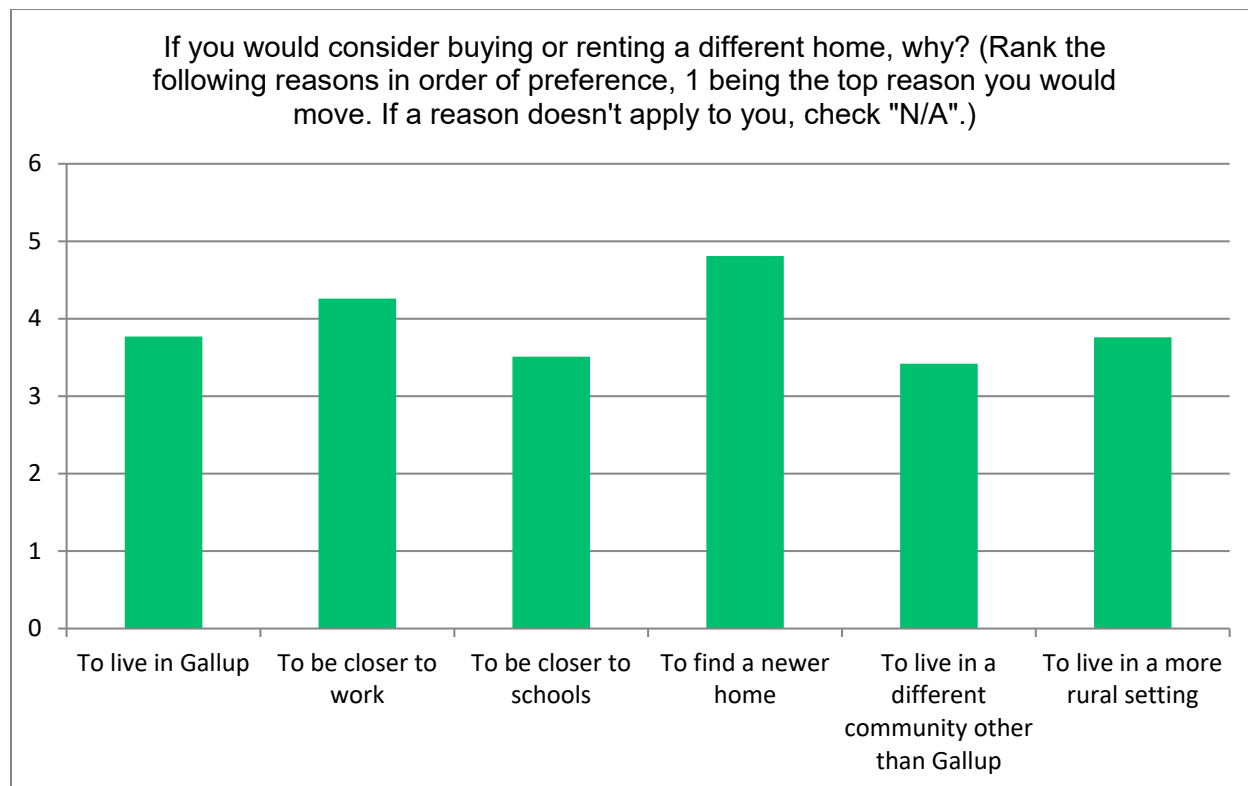
Sixty-five percent of respondents would move to a home that better meets their needs if a suitable home were available.

Respondents who responded that they would not consider moving were directed to the final page of demographic questions in the survey. The responses to questions 15 through 23 were answered by people who would consider moving.

15-16. Reasons why people would consider buying or renting a different home

Respondents were asked to rank the reasons why they would consider buying or renting a different home. The question provided six reasons, which the respondents were to rank in order from 1 to 6. They had the option to identify reasons that didn't apply to them as "not applicable." They also had the opportunity to write in other reasons if their reason was not listed.

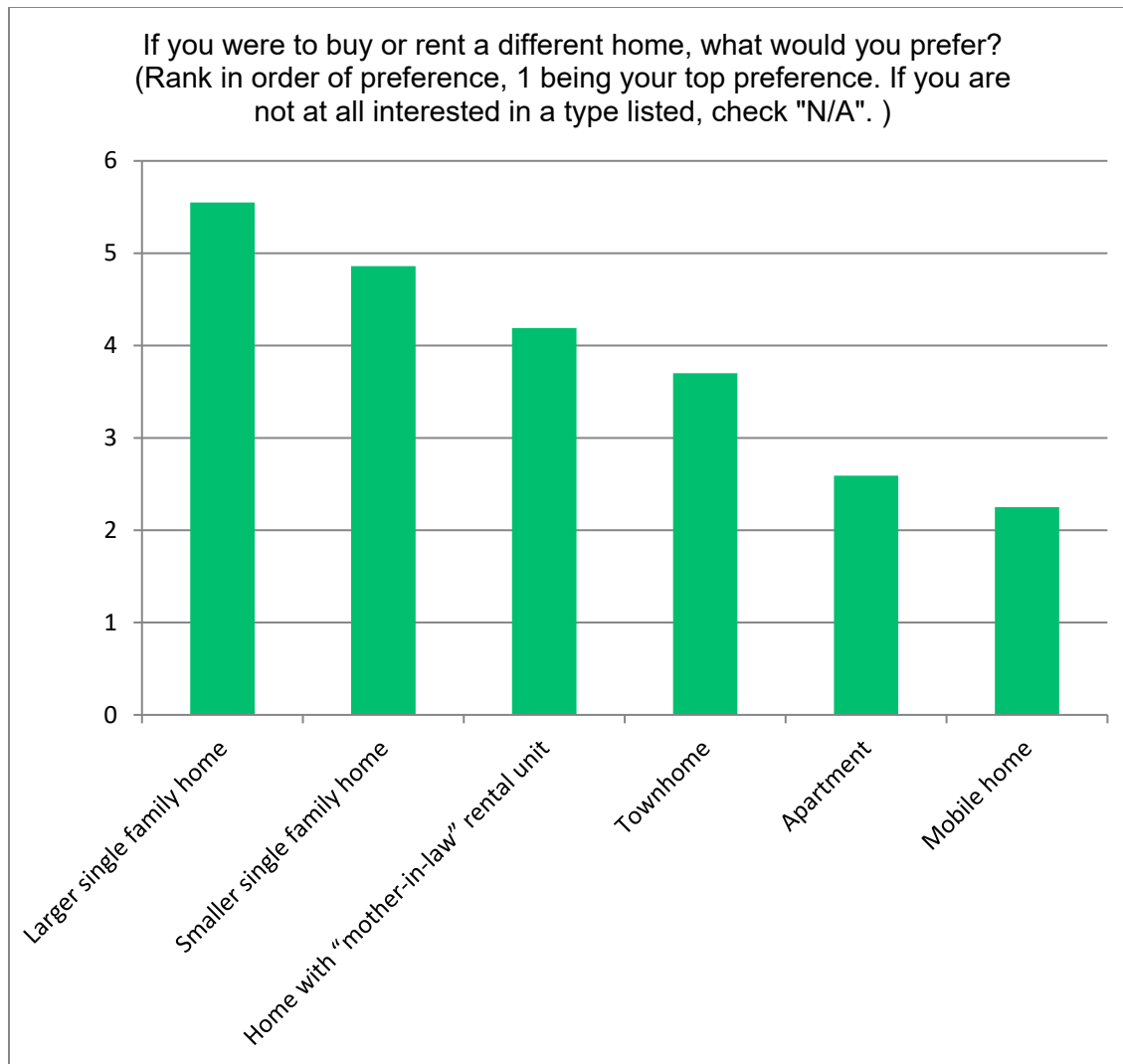
The top three reasons why people would consider buying or renting a different home are to find a newer home, to be closer to work, and to live in a more rural setting.



Other reasons, or clarifications, included in the comments on this question were that retirees or soon to be retirees would consider downsizing, people would like to be in a safer area, and to live closer to healthcare and other community amenities.

17-18. If you were to buy or rent a different home, what would you prefer?

Respondents were asked to rank their preferences for housing types. Six housing types were ranked from 1 to 6. Respondents had the opportunity to fill in another housing type if their preference was not listed. Most comments on this question were more specific descriptions of the type of house—single-family with a larger lot, a more modern home, a one-story house, apartment on the ground floor, a house with more storage, an affordable home, etc. The other types of housing mentioned were a small home, including a modern tiny home with connected storage, that could be placed on an existing lot. There is interest in homes with land in more rural areas and in private senior villages.

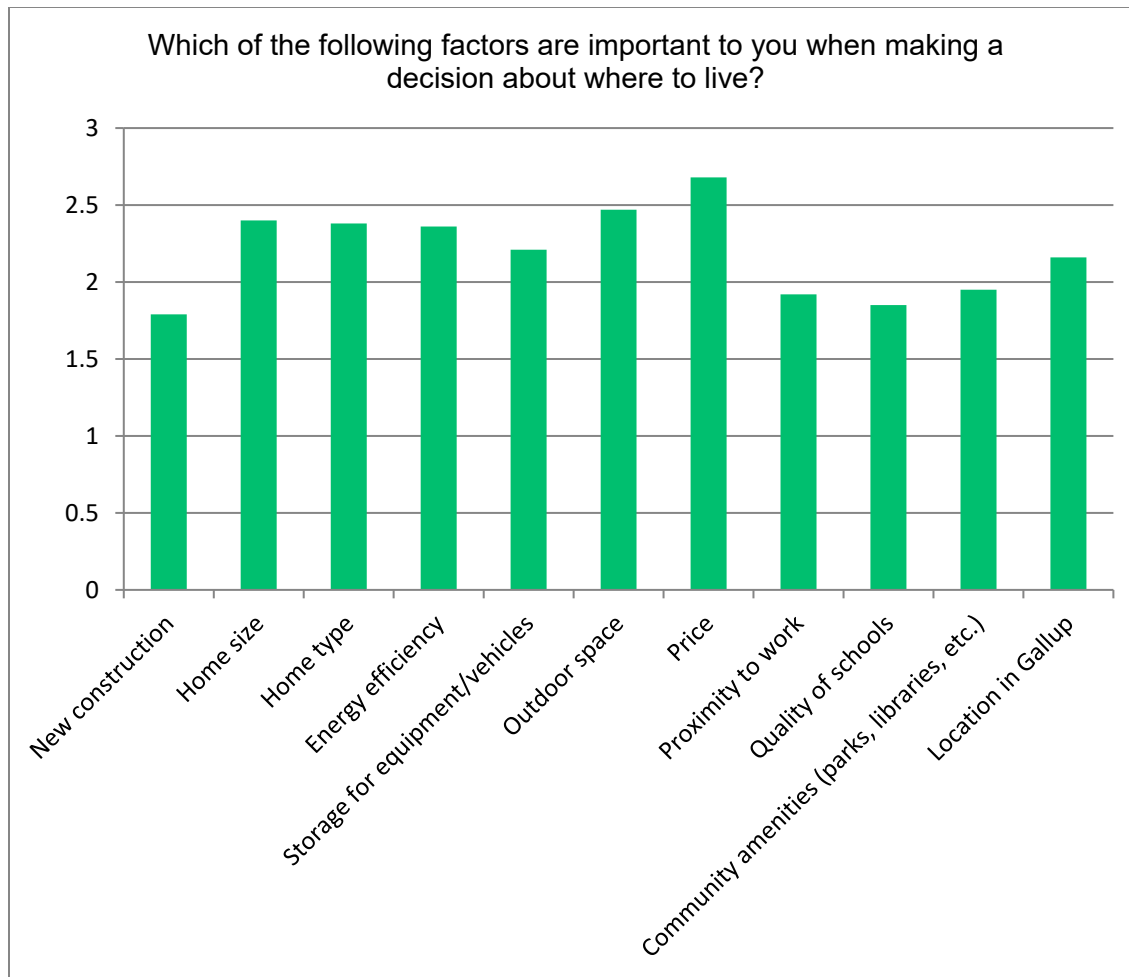


19. If you were to move, would you prefer to buy or rent?

Most people (74 percent) would prefer to buy a home; five percent would prefer to rent; and 21 percent would either buy or rent.

20. Which of the following factors are important to you when making a decision about where to live.

Respondents were asked to rate on a scale of 1 (not at all important) to 5 (extremely Important) the importance of eleven things that they would consider in their decision to buy or rent a different home. The most important consideration is price, followed by outdoor space, home size and home type.



21. What features do you prefer in a home?

Respondents were asked their preferences for number of bedrooms, number of bathrooms and the number of garage spaces. Forty-seven percent prefer three bedrooms but approximately ninety-five percent of respondents prefer two or four bedrooms. Seventy-two percent of respondents prefer two bathrooms, and approximately eighteen percent prefer three bathrooms. More than half prefer a two-car garage, although 24 percent only need a one-car garage.

Housing Preferences	1	2	3	4	5+
Number of Bedrooms	3%	18%	47%	30%	3%
Number of Bathrooms	7%	72%	18%	2%	0%
Number of Garage Spaces	24%	54%	16%	4%	1%

22-23. Would you consider a small residential lot? A townhouse?

Respondents were most amenable to a small residential lot and slightly over half would consider a townhouse.

Housing Preferences	Yes	No
Would you consider a small residential lot?	56%	44%

Would you consider a townhouse?

53%

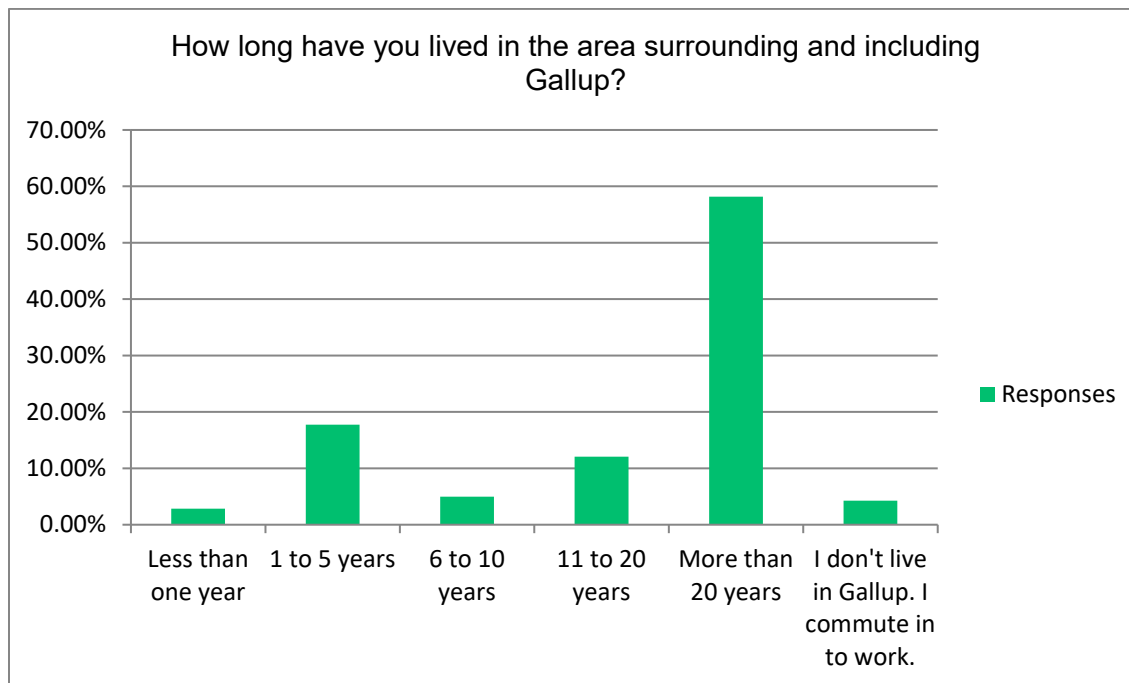
47%

Demographic Questions

The final questions in the survey were demographic questions to providing an understanding of who responded to the survey.

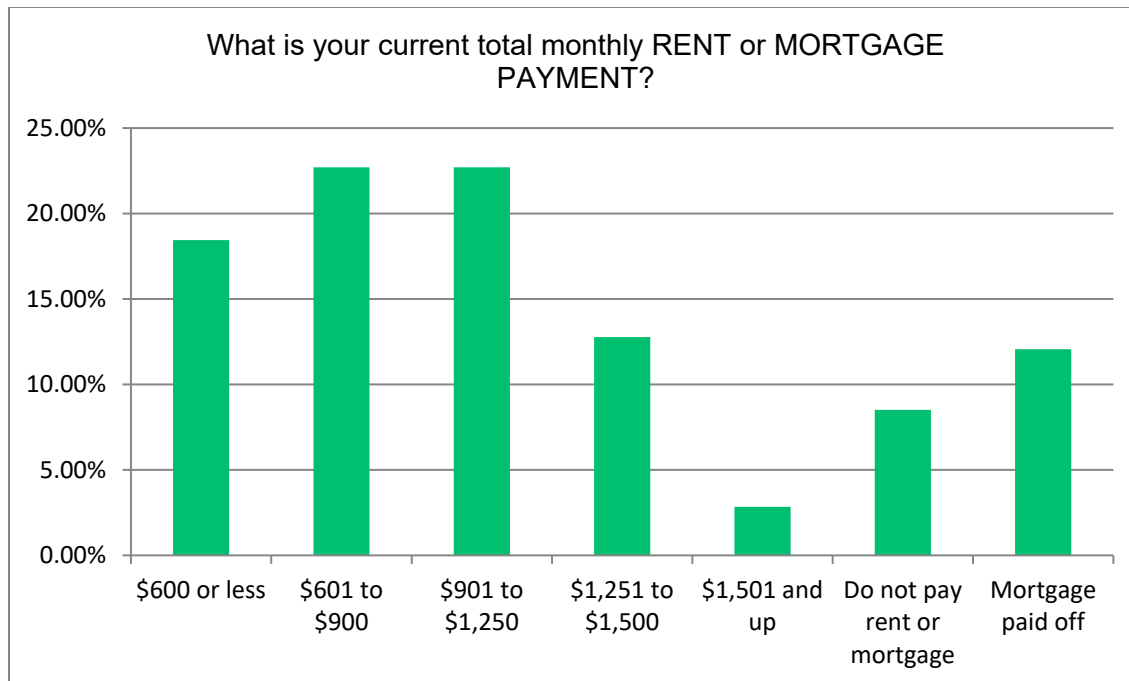
24. How long have you lived in the area surrounding and including Gallup?

Over fifty percent of respondents have lived in the area for more than 20 years, and eighteen percent have lived in the area for one to five years.



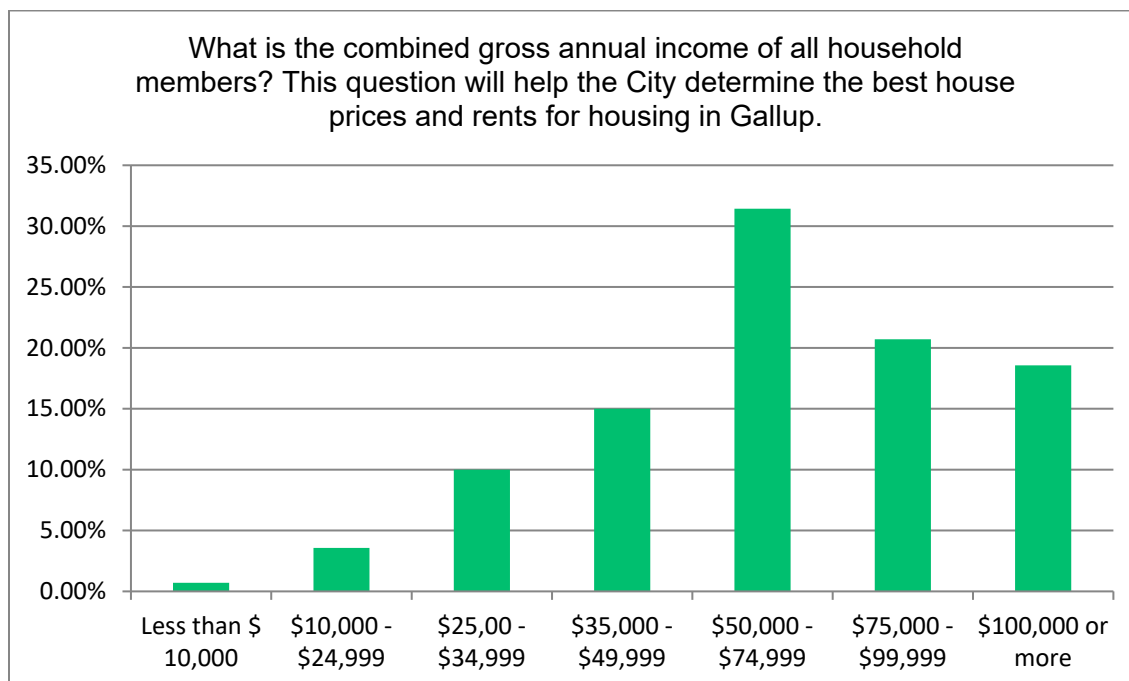
25. What is your current total monthly RENT or MORTGAGE PAYMENT?

Most current rent or mortgage payments range from \$601 to \$1,250, although eighteen percent of respondents pay \$600 or less and about fifteen percent pay \$1,250 and up. Twelve percent have their mortgage paid off and nine percent do not pay rent or mortgage.



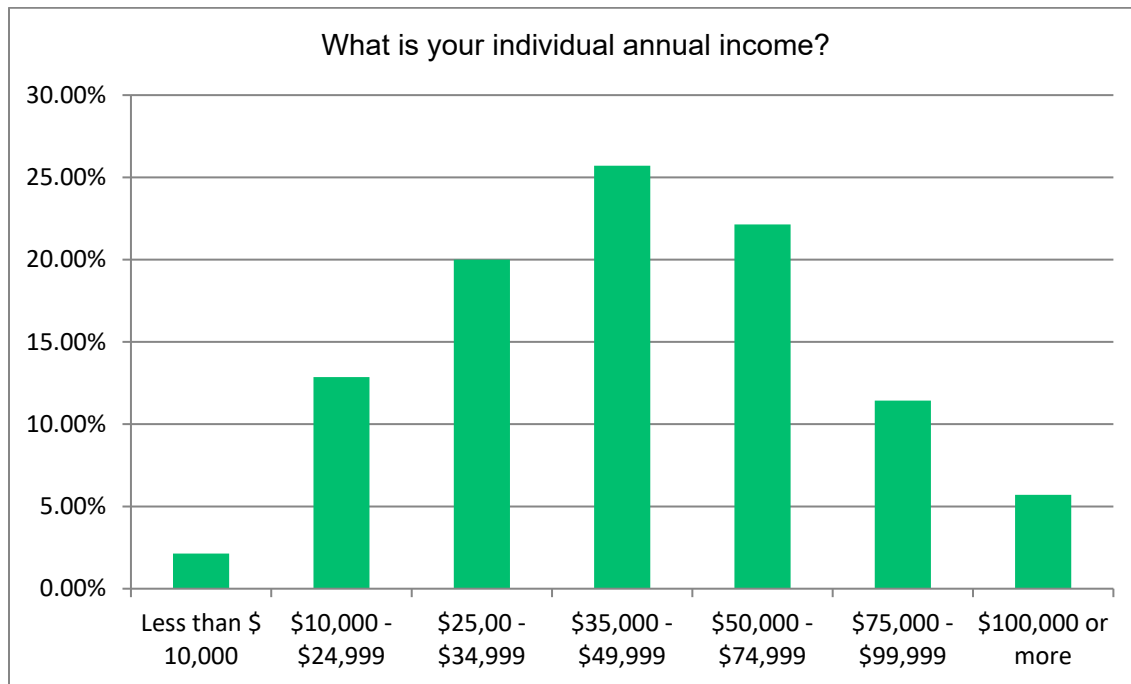
26. What is the combined gross annual income of all household members?

Over 30 percent of respondents have annual household incomes between \$50,000 and \$74,999.



27. What is your individual annual income?

Individual annual incomes are spread across income ranges. The most frequent response was \$35,000 to \$49,999, followed by \$50,000 to \$74,999.



28. Do you have any additional comments or suggestions about housing in Gallup?

Respondents provided a lot of comments and suggestions, mostly related to the lack of supply, high cost relative to quality, and housing conditions. These comments feed into the narrative discussion of the current housing supply and housing needs.

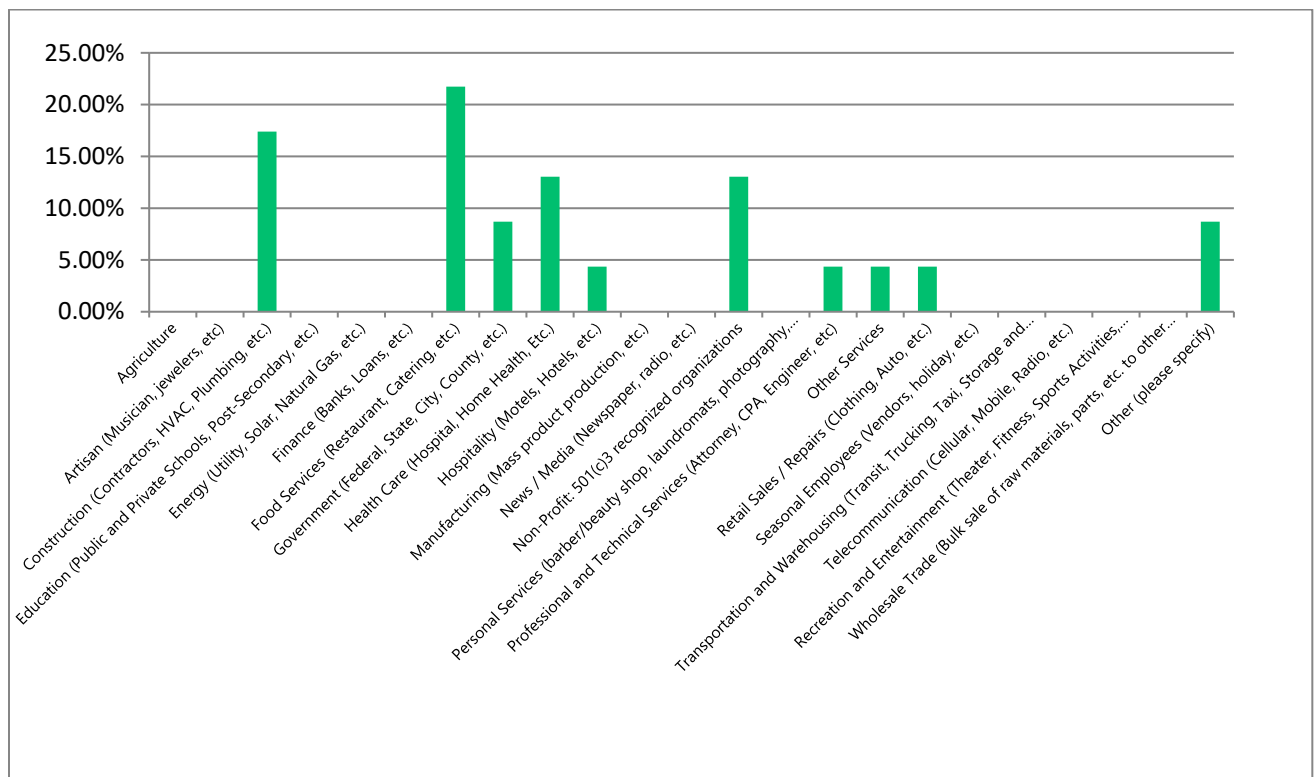
Employer Survey

1. Respondent Information

Respondents had the opportunity to provide basic information about their companies, including the name of the business, the location of company headquarters, their physical location in Gallup or McKinley County (major cross streets), and a contact name and phone number or email address.

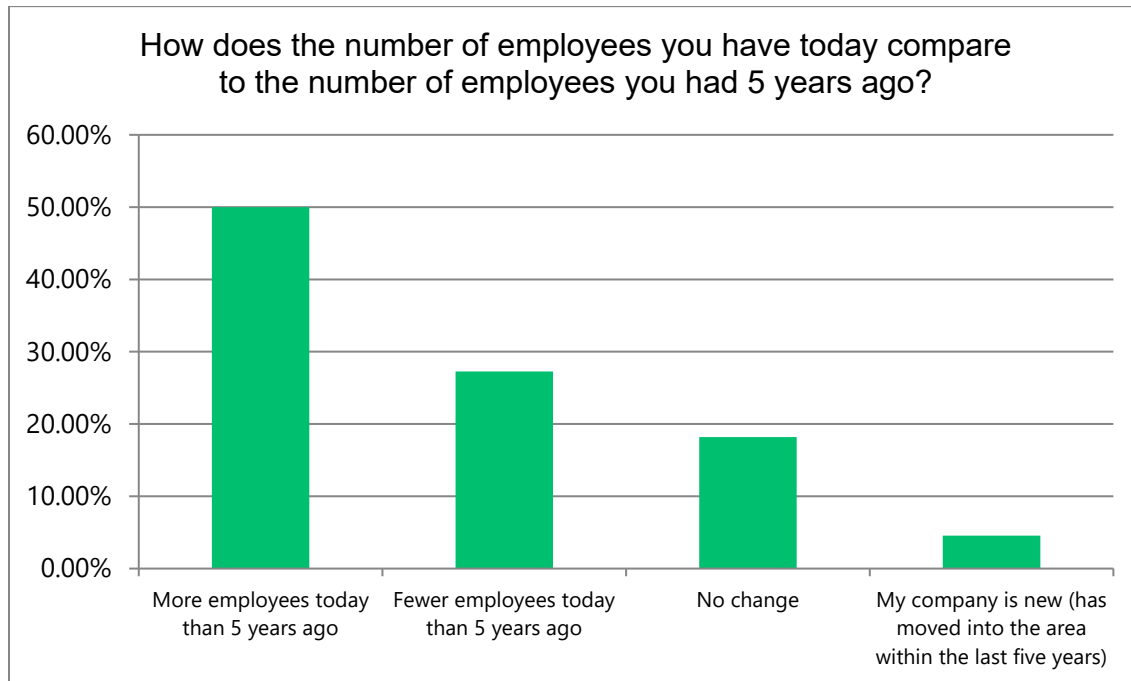
2. Type of Business

Respondent businesses represent a range of industries. Food services is the largest category.



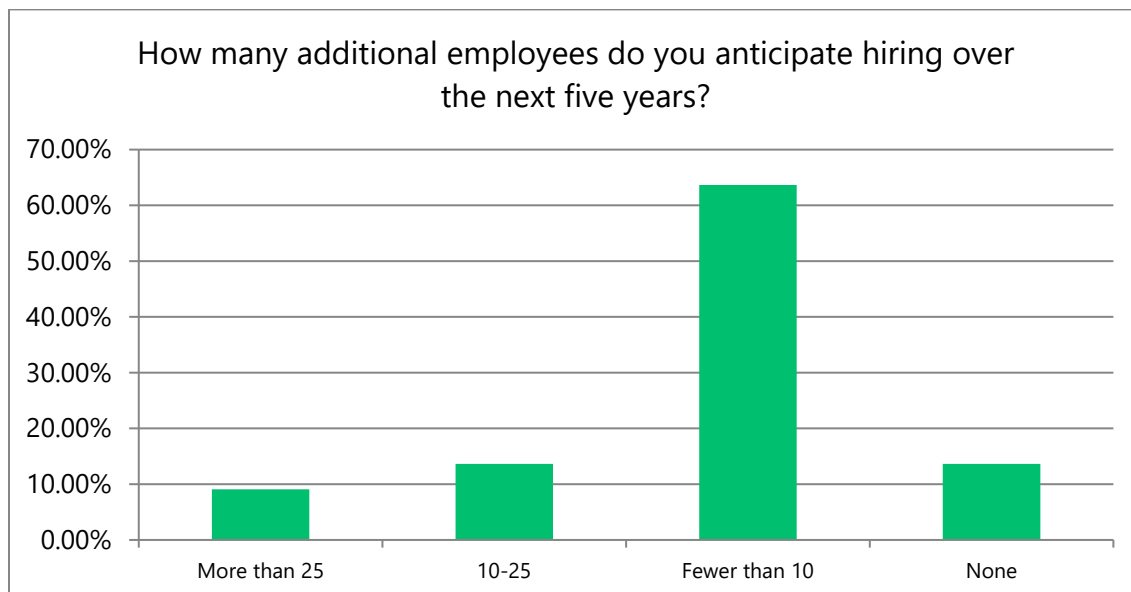
3. How does the number of employees you have today compare to the number of employees you had five years ago?

Most employers responded that they have more employees today than five years ago.



4. How many additional employees do you anticipate hiring over the next five years?

Most employers have plans to hire additional employees over the next five years. Sixty-four percent anticipate hiring fewer than ten employees.



5. What is the current number of employees at your business location(s) in Gallup only?

Most respondents answered under 20 employees, however a few respondents had over 30 employees.

6. How many jobs at your company location in the Gallup or McKinley County are currently unfilled?

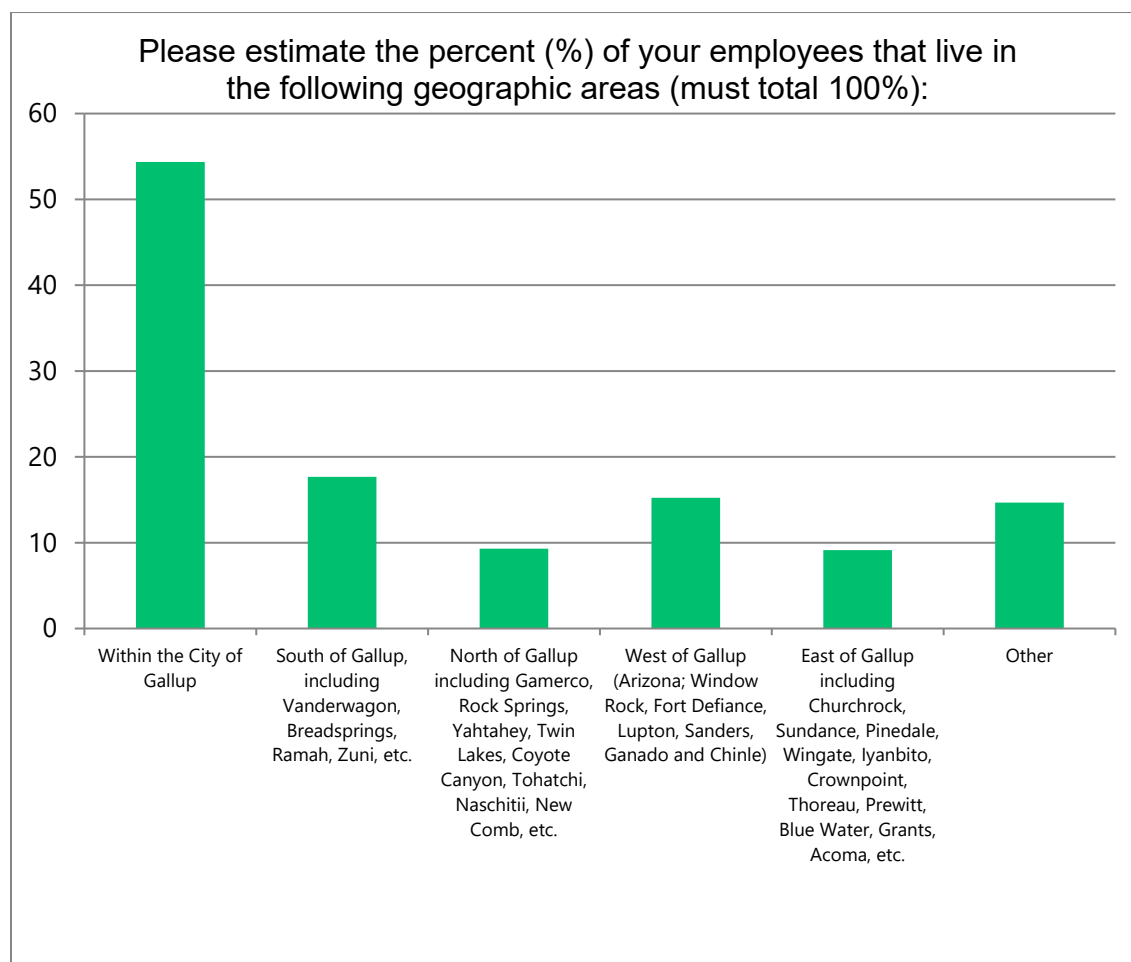
A total of 22 full time positions and 21 part time positions are unfilled.

7. Do you offer housing for any of your employees?

All 22 of the respondents do not offer housing for their employees.

8. Please estimate the percent (%) of your employees that live in the following geographic areas:

In aggregate, employers estimate that a little over half of their employees live within the City of Gallup and about eighteen percent live south of Gallup.

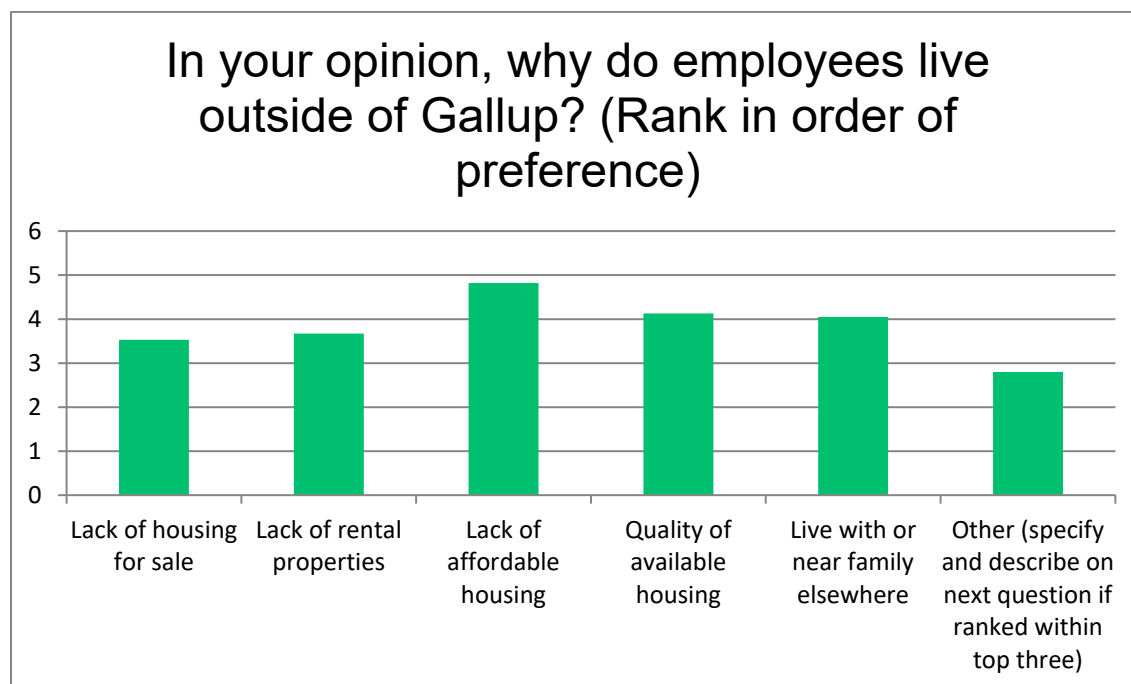


9. If you included "Other" in Question 8, where else do your employees live?

Respondents answered with Albuquerque, Santa Fe, and in all other directions.

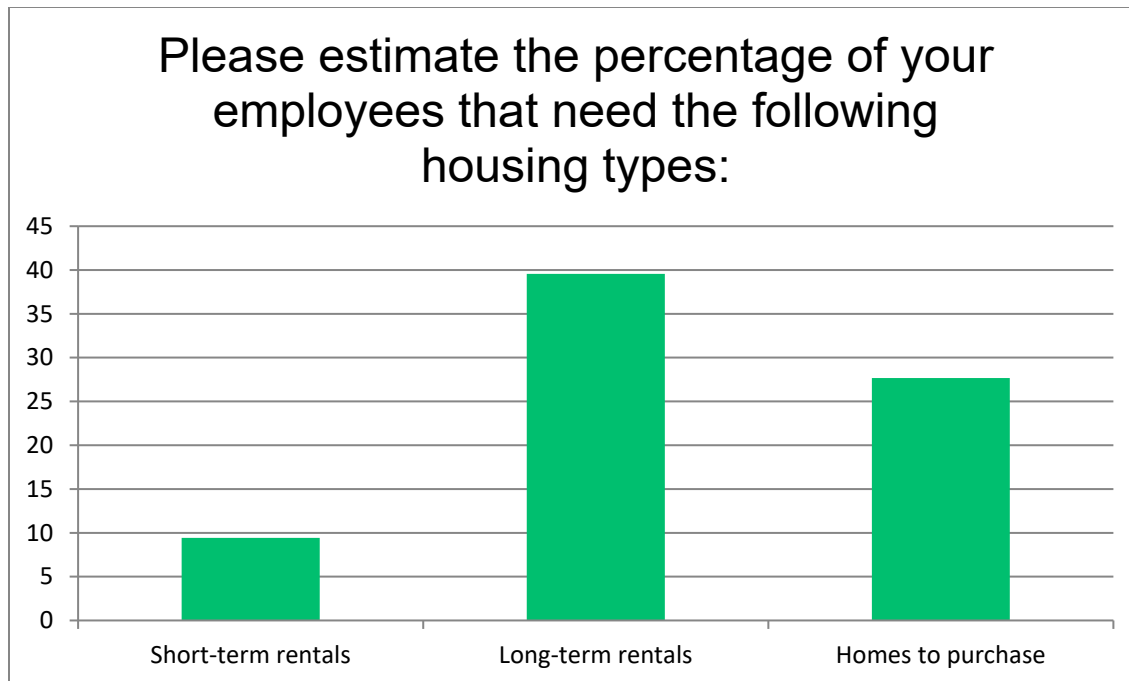
10-11. In your opinion, why do employees live outside of Gallup?

Employers were asked to rank six reasons that employees live outside of Gallup. The responses were scored on a range from 1 to 6. Lack of affordable housing was the highest scoring reason, followed quality of available housing live with or near family elsewhere. Respondents were asked to describe other reasons why employees live elsewhere if "Other" was in the top three reasons. The other reasons mentioned are they live on homesite leases on Navajo Nation, can't pay for housing in Gallup, don't qualify for mortgage due to low salaries, prefer larger lots not available in the city, and live on free allotted lands.



12. Please estimate the percentage of your employees that need the following housing types:

Employers were asked to estimate the types of housing needed by their employees by tenure. On average, employers believe that nearly forty percent need long term rentals, twenty-eight percent need homes to purchase, and nine percent need short term rentals.



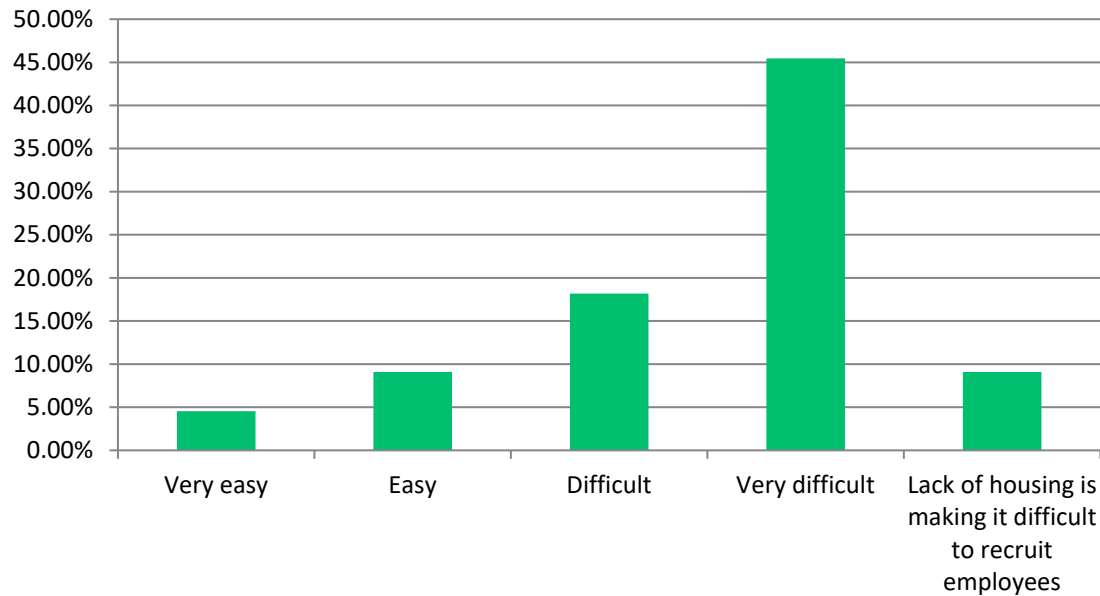
13. Approximately what percent of your employee salaries fall within the following ranges? This information will help the City of Gallup determine the appropriate price and rent levels for new housing.

About fifty five percent of the employees when employers reported salary ranges have an annual salary of between \$10,000 and \$49,000, and thirty-seven percent have annual salaries above \$50,001.

14. How would you characterize the experience of your employees finding housing in the City of Gallup?

Employers report that it is very difficult for their employees to find housing, and nine percent of employers believe that lack of housing makes it difficult for them to recruit employees. The employers who selected "other" stated that the main reason was a lack of affordable housing. Many of the rentals are in poor condition and/or overpriced.

How would you characterize the experience of your employees finding housing in Gallup?



16. Do you have any additional comments concerning housing for your employees?

- Have you ever tried to build or remodel in Gallup?? The building department is against any type of growth.
- Good affordable under \$90K housing is needed. Ability to qualify for a mortgage is so very important.

Appendix D. Funding Sources

The following lists potential sources of federal, state and local financing and subsidies to support affordable housing in New Mexico. Resources are listed by type of housing and funding agency or source. Primary resources include USDA, HUD, FHA and the New Mexico Mortgage Finance Authority (NMMFA). The information is not all-inclusive, but it provides the City with information about the most used housing resources for non-profit and public agency housing providers, housing developers, and individual homeowners and renters. Many of these programs are competitive, so it will be important for the City officials and staff to understand how a package of multiple sources can be combined to accomplish the desired project. In addition, the City will likely partner with a non-profit or other housing developer that will take the lead on the project.

The resources listed below include those generally available to individuals, non-profit and for-profit housing developers and other organizations in rural communities in New Mexico. Specific organizations that serve McKinley County and organizations that serve surrounding communities and could be a resource are noted where appropriate.

Resources for Non-Profit and Organizations and Public Agencies

Most capacity building resources are focused on nonprofit housing providers, although the NMMFA also works with public partners. In its Action Plan, the MFA commits to building capacity in the state to: provide decent housing; provide a suitable living environment; and expand economic opportunities for the state's low- and moderate-income residents. The MFA's capacity building programs as well as other capacity building resources include the following.

The **CHDO Program** builds the capacity of selected nonprofit Community Housing Development Organizations (CHDOs) to develop affordable housing with support from the US Department of Housing and Urban Development. Participating CHDOs are provided technical assistance, training, and networking opportunities. CHDOs are well suited to address affordable housing needs at the local level. Currently, there is no CHDO. Funding for certain CHDO activities is provided through the HOME program.

Other capacity-building resources for nonprofits that are eligible to receive assistance include:

Local Initiatives Support Coalition (LISC) has helped nonprofit community development corporations acquire and preserve housing developments, build partnerships with housing authorities and other organizations, and advocate for government policies that can reduce the loss of affordable homes and apartments. LISC's Housing Authority Resource Center brokers relationships between local housing authorities, LISC local offices and other community developers to provide access to best practices, information and training

The Institute for Community Economics (ICE) provides technical assistance and training to community-based groups who seek to set up community land trusts. ICE's principal lending goes to community land trusts, limited equity cooperatives, and community-based nonprofit organizations creating housing that is permanently affordable to people with lower incomes. A community land trust has been mentioned as a possible model for permanently affordable housing on the NMDOT property near the downtown TOD.

The Housing Counseling Assistance Program enables anyone who wants to (or already does) rent or own housing-whether through a HUD program, a Veterans Affairs program, other Federal programs, a State or local program, or the regular private market-to get the counseling they need to make their rent or mortgage payments and to be a responsible tenant or owner in other ways. The counseling is provided by HUD-approved housing counseling agencies. HUD provides support to a nationwide network of Housing Counseling Agencies (HCA) and counselors. HCA's are trained and approved to provide tools to current and prospective homeowners and renters so that they can make responsible choices to address their housing needs considering their financial situations.

USDA Rural Development Housing Application Packaging Grants provide government funds to tax-exempt public agencies and private non-profit organizations to package applications for submission to Housing and Community Facilities Programs.

USDA Self-Help Technical Assistance Grants provide financial assistance to qualified nonprofit organizations and public bodies that will aid needy very low-and low-income individuals and their families to build homes in rural areas by the self-help method. Any State, political subdivision, private or public nonprofit corporation is eligible to apply.

Administration for Native Americans (ANA) Grant provides financial assistance through grants of contracts to further governance, economic development, and social development. This assistance is available to local non-profits.

NeighborWorks America is an organization based in Washington DC that offers training and financing for homebuyers that could be utilized by a local non-profit to aid their homebuyer's programs. Native Partnership for Housing is a member and uses NeighborWorks resources to add value to their services.

Resources for Homeless and Special Needs

HUD Emergency Solutions Grant (ESG) Program is a federal grant program designed to help improve the quality of existing emergency shelters for the homeless, to make available additional shelters, to meet the costs of operating shelters, to provide essential social services to homeless individuals, and to help prevent homelessness. The ESG program is designed to be the first step in a continuum of assistance to prevent homelessness and to enable homeless individuals and families to move toward independent living. The three programs are the Supportive Housing Program (SHP), Shelter Plus Care (SPC) program, and Section 8 Single Room Occupancy (SRO) program. These are all competitive grants that require the development of a Continuum of Care system in the community where assistance is being sought.

HUD Supportive Housing Program (SHP) is designed to promote, as part of a local Continuum of Care strategy, the development of supportive housing and supportive services to assist homeless persons in the transition from homelessness and to enable them to live as independently as possible. The program is provided to help homeless persons meet three overall goals: to help homeless people achieve residential stability, increase their skills and/or incomes, and obtain greater self-determination (i.e. more influence over decisions that affect their lives).

The HUD Shelter Plus Care Program is designed to provide housing and supportive services on a long-term basis for homeless persons with disabilities, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are living in places not intended for human habitation (e.g., streets) or in emergency shelters. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities. Funds must be matched with in-kind funding to be used for supportive services. Assistance is provided through four component programs: Tenant-based, Sponsor-based, Project-based, and Single Room Occupancy Rental Assistance.

HUD Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program – Under the SRO program, HUD enters into Annual Contributions Contracts with public housing agencies (PHAs) in connection with the moderate rehabilitation of residential properties that, when rehabilitation is completed, will contain multiple single room dwelling units. These PHAs make Section 8 rental assistance payments to participating owners (i.e., landlords) on behalf of homeless individuals who rent the rehabilitated dwellings. Assistance provided under the SRO program is designed to bring more standard SRO units into the local housing supply and to use those units to assist homeless persons. The SRO units might be in a rundown hotel, a Y, an old school, or even in a large abandoned home.

The MFA Emergency Homeless Assistance Program (EHA: ESG and State funding) provides assistance to units of local government or nonprofit organizations to improve the quality of existing emergency shelters and to help meet the costs of operating emergency shelters. Organizations may apply for EHA: ESG & State funding through a competitive RFP process. Funding may be used for acquisition, renovation, repair, rehabilitation, conversion, essential or supportive services, operating expenses, prevention activities associated with providing shelter or services to homeless individuals. Intended to supplement the ESG Program; applicants are not eligible to apply for both.

HUD Housing Opportunities for Persons with AIDS (HOPWA) provides housing assistance and related supportive services to low-income people and their families living with HIV/AIDS. The objective of the funding is to maintain housing stability, avoid homelessness, and improve access to HIV/AIDS treatment and care. States, cities, and local governments and nonprofit organizations may apply for HOPWA Competitive funding. The subgrantee that currently serves McKinley County is Southwest Care Center.

HUD Section 811 provides funding to nonprofit organizations to develop rental housing with the availability of supportive services for very low-income adults with disabilities. The newly reformed Section 811 program is authorized to operate in two ways: (1) the traditional way, by providing interest-free capital advances and operating subsidies to nonprofit developers of affordable housing for persons with disabilities; and (2) providing project rental assistance to state housing agencies. The assistance to the state housing agencies can be applied to new or existing multi-family housing complexes funded through different sources, such as Federal Low-Income Housing Tax Credits, Federal HOME funds, and other state, Federal, and local programs. In FY 2012, no funding was appropriated for traditional 811 capital advances.

HUD Section 202 provides capital advances to private nonprofit organizations (public entities are not eligible) to finance the development of supportive housing for the elderly. The capital advance does not have to be repaid if the project serves very low-income elderly persons for 40 years. Project rental assistance funds are provided to cover the difference between the HUD-approved operating cost for the project and the tenants' contribution towards rent. Project rental assistance contracts are approved initially for 3 years and are renewable based on the availability of funds. Applicants must submit a resolution that they will provide a minimum capital investment equal to 0.5 percent of the HUD-approved capital advance, up to a maximum of \$25,000 for national sponsors or \$10,000 for other sponsors.

HUD Section 231 insures mortgage loans to facilitate the construction and substantial rehabilitation of multi-family rental housing for elderly persons (62 or older) and/or persons with disabilities. Insured mortgages may be used to finance the construction and substantial rehabilitation of detached, semidetached, walk-up, or elevator type rental housing designed specifically for elderly or handicapped individuals consisting of eight or more dwelling units. For nonprofit sponsors, the maximum loan amount is 100 percent of the estimated replacement cost of the building (or 100 percent of project value for rehabilitation projects). For all other sponsors, the maximum loan is 90 percent of the replacement cost (or 90 percent of project value for rehabilitation projects).

Community Services Block Grants. Mid-West New Mexico Community Action Program (MWNMCAP) manages the CSBG Grants in the Gallup region. CSBG provides emergency funds to help with mortgage and utility payments and prevent homelessness.

USDA Rural Development Single-Family Housing Loans and Grants provide homeownership opportunities to low- and moderate-income rural Americans through several loan, grant, and loan guarantee programs. The programs also make funding available to individuals to finance vital improvements necessary to make their homes decent, safe, and sanitary.

USDA Section 502 Rural Housing Direct Loans are primarily used to help low-income individuals or households purchase homes in rural areas. Funds can be used to acquire, build (including funds to purchase and prepare sites and to provide water and sewage facilities), repair, renovate or relocate a home.

USDA Rural Housing Guaranteed Loans are for applicants who have an income of up to 115 percent of the median income for the area. Families must be without adequate housing, but be able to afford the mortgage payments, including taxes and insurance. In addition, applicants must have reasonable credit histories.

USDA Section 502 Mutual Self-Help Housing Loan Program is used primarily to help very low- and low-income households construct their own homes.

USDA Technical and Supervisory Assistance Grants assist low-income rural families in obtaining adequate housing to meet their family's needs and/or to provide the necessary guidance to promote their continued occupancy of already adequate housing. These objectives will be accomplished through the establishment or support of housing delivery and counseling projects run by eligible applicants.

USDA Farm Labor Housing Loans and Grants provide capital financing for the development of housing for domestic farm laborers.

Resources for Rental Housing

HUD Section 8 Housing Choice Vouchers The housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments. The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects. Housing choice vouchers are administered locally by public housing agencies (PHAs).

Project-Based Section 8 Vouchers – Project-based vouchers are a component of a public housing agencies (PHAs) housing choice voucher program. A PHA can attach up to 20 percent of its voucher assistance to specific housing units if the owner agrees to either rehabilitate or construct the units, or the owner agrees to set-aside a portion of the units in an existing development.

Mortgage Insurance for Single Room Occupancy Projects (SRO): Section 221(d)(3) and 221(d)(4) insures mortgage loans for multi-family properties consisting of single-room occupancy (SRO) apartments. There are no Federal rental subsidies involved with this SRO program. It is aimed at those tenants who have a source of income but are priced out of the rental apartment market. SRO projects generally require assistance from local governing bodies or charitable organizations to reduce the rents to affordable levels. Although SRO housing is intended for very low-income persons, the program does not impose income limits for admission.

Local Initiatives Support Coalition (LISC) Affordable Housing Preservation Initiative preserves affordable rental apartments that are in jeopardy because of expiring federal subsidies and promotes

preservation-oriented public policies. LISC helps nonprofit community development corporations acquire and preserve housing developments, build partnerships with housing authorities and other organizations, and advocate for government policies that can reduce the loss of affordable homes and apartments. Through its Housing Authority Resource Center, LISC assists local housing authorities identify financing structures that will leverage public resources with private investment as well as direct project financing such as predevelopment loans, bridge lending, lines of credit, working capital, and tax credit equity.

USDA Rural Development Multi-Family Housing Programs offer Rural Rental Housing Loans to provide affordable multi-family rental housing for very low-, low-, and moderate-income families; the elderly; and persons with disabilities. This is primarily a direct mortgage program, but funds may also be used to buy and improve land and to provide necessary facilities such as water and waste disposal systems. In addition, deep subsidy rental assistance is available to eligible families.

USDA Rural Rental Housing Program is adaptable for participation by a wide variety of owners. Loans can be made to individuals, trusts, associations, partnerships, limited partnerships, State or local public agencies, consumer cooperatives, and profit or nonprofit corporations.

USDA Guaranteed Rental Housing Programs guarantee loans under the Rural Rental Housing Guaranteed loan program for development of multi-family housing facilities in rural areas of the United States. Loan guarantees are provided for the construction, acquisition, or rehabilitation of rural multi-family housing.

USDA Rental Assistance (RA) Program provides an additional source of support for households with incomes too low to pay the HCFP subsidized (basic) rent from their own resources.

USDA Multi-Family Housing Preservation and Revitalization (MPR) Loans and Grants restructure Rural Rental Housing loans and Off-Farm Labor Housing loans and provide grants to revitalize Multi-Family Housing projects in order to extend the affordable use of these projects without displacing tenants due to increased rents.

Resources for Homebuyers

Several programs are available through the New Mexico Mortgage Finance Authority (NMMFA) to help low-to moderate-income homebuyers. The following NMMFA programs could benefit Bernalillo families:

Helping Hand – Up to \$8,000 down payment and closing cost assistance to first-time homebuyers with at least one family member that has a disability. This is a soft second loan that does need to be paid back until the property is sold, refinanced, or transferred, and it is assumable if the buyer meets program eligibility requirements. The loan may be forgiven after 10 years. This program is targeted toward households earning 80 percent or less than AMI, adjusted for family size.

Mortgage Booster – A fixed-rate second mortgage that is used in conjunction with either a Mortgage\$aver or Mortgage\$aver Zero first mortgage. Mortgage Booster features a 30-year term and a maximum loan amount of \$8,000. Mortgage Booster is priced 0.5 percent higher than Mortgage\$aver's interest rate.

Mortgage\$aver – Thirty-year fixed-rate loans for low-to moderate-income buyers; available at below-market rates, with a one percent discount and one percent origination fee.

Mortgage\$aver Zero – Thirty-year fixed-rate mortgage loans priced with 0 percent discount and 0 percent origination fee for low- to moderate-income first-time homebuyers.

Mortgage\$aver Plus – 30-year fixed rate mortgage that includes a 3.5 percent grant to offset down payment and closing costs for low-to moderate-income first-time buyers. The interest rate is slightly higher than Mortgage\$aver or Mortgage\$aver Zero, but there is no origination fee or discount fee.

Payment\$aver Program – A loan that provides the lesser of eight percent of the sale price of the home or \$8,000 for a down payment, closing costs, principal reduction and/or interest rate buy-down for lower income buyers who have not owned and occupied a primary residence for the past three years. This is a zero percent second mortgage loan due on sale, transfer or refinance, which may be forgiven after 10 years.

Payment\$aver SmartChoice Program – a soft second mortgage that borrower with a Section 8 Housing Boucher can use, with a loan amount of up to \$15,000. This loan has a 0 percent interest rate, and is paid back when the property is sold, refinanced or transferred.

Mortgage Booster Program – this program provides down payment and closing cost assistance, in the form of a second mortgage, to borrowers who qualify for the Mortgage\$aver loan. The maximum loan amount is \$8,000. These are repaid over 30 years.

HERO Program – a special MFA first mortgage loan that includes a 3.5 percent down payment assistance grant to low- to moderate-income households in which at least one member is a teacher, police officer, healthcare worker, firefighter or an active member of the Armed Forces.

Individual Development Account (IDA) is a program that partners local non-profit organizations and financial institutions to encourage participants to save toward the purchase of a first home through a matching grant incentive. The local non-profit, the IDA program sponsor, recruits' participants for the IDA program, provides financial education classes, and may also provide one-on-one counseling and training to participants. After signing up for an IDA program, each participant opens up an account with the partnering bank or credit union. Each deposit made by the participant is matched from a source of grant funding. The participant is allowed to withdraw funds when they have achieved their savings goal. Prosperity Works partners with local organizations in New Mexico to teach them how to develop and offer effective IDA programs. Southwest Regional Housing and Community Development Corporation is a

partner in the New Mexico Assets Consortium. HELP-New Mexico in Roswell, which provides Emergency Assistance for low-income adults and migrant and seasonal farmworkers, is also a partner.

HUD's Federal Housing Administration (**FHA Section 203(b) mortgage insurance**) insures loans made to creditworthy borrowers who may not qualify for conventional mortgages on affordable terms. The down payment requirements can be as little as 3.5 percent and some fees are limited. Mortgage insurance is available for one- to four-unit residences where the property is the owner's primary residence. The program has mortgage maximums, which vary depending on number of units.

HUD's **Energy Efficient Mortgage (EEM)** allows homeowners to finance energy efficiency features in new or existing housing as part of their FHA insured home purchase or refinancing mortgage. Home must be the owner's principal residence. The borrower does not have to qualify for the higher cost and does not make a down payment on it. This can also be used with the FHA Section 203(k) rehabilitation program or HUD's Title I Home Improvement Loan Program.

HUD's Graduated Payment Mortgage Insurance (Section 245(a)) enables a household with a limited income that is expected to increase to buy a home sooner by making mortgage payments that start small and increase gradually over time. All FHA-approved lenders may make GPMs available to persons who intend to use the mortgage property as their primary residence and who expect to see their income rise appreciably in the future.

The **Federal Home Loan Bank Mortgage Partnership Finance® Program** combines the retail expertise of community lenders with the wholesale funding advantages of the FHL Banks, resulting in an efficient method of financing mortgage loans. Mortgage lenders can continue to manage all aspects of their customer relationships and depending on the MPF product chosen, lenders may be paid credit enhancement fees for managing the credit risk of the loans they originate and sell.

USDA Guaranteed Loan Refinance Program helps rural borrowers refinance their mortgages to reduce their monthly payments. The Single-Family Housing Guaranteed Rural Refinance Program operates in 19 states for homeowners who have loans that were made or guaranteed by USDA Rural Development.

Resources for Housing Development

HUD/FHA and the New Mexico Mortgage Finance Authority provide several types of financing and mortgage insurance programs for single-family and multi-family development. They include:

The Low-Income Housing Tax Credit Program (LIHTC) provides federal income tax credits to individuals or organizations that develop affordable housing through either new construction or acquisition and rehabilitation. The tax credits provide a dollar for dollar reduction in the developer's tax liability for a ten-year period. Tax credits can also be used by nonprofit or public developers to attract investment to an affordable housing project by syndicating, or selling, the tax credit to investors. To receive tax credits a developer must set-aside and rent-restrict a number of units for occupancy by households below 60 percent of area median income. These units must remain affordable for a minimum

of 30 years. This program is a resource provided by the Internal Revenue Service. In addition to tax credits, the financing "gap" for certain LIHTC projects may be filled with a below market rate HOME loan. Tax credits and rental HOME loans are awarded annually through a competitive application process according to the state's Qualified Allocation Plan.

The New Mexico State Affordable Housing Tax Credit (Rental) provides charitable state tax credit for up to 50 percent of the value of donations (cash, land, buildings or services) for affordable housing projects approved by the MFA, or for donations made directly to the NM Affordable Housing Charitable Trust.

FHA Mortgage Insurance for Rental Housing: Section 207. Section 207 mortgage insurance is, however, the primary insurance vehicle for the Section 223(f) refinancing program described below. A project is eligible for mortgage insurance if the sponsor can demonstrate that there is a definite market demand, that the project is economically self-sufficient, and that financing is secure. The program has statutory per unit mortgage limits, which vary according to the size of the unit, the type of structure, and the location of the project. There are also loan-to-value and debt service limitations. The mortgage is limited to 90 percent of HUD appraised value. Eligible mortgagors include investors, builders, developers, and others who meet HUD requirements for mortgagors. All families are eligible to occupy dwellings in a structure whose mortgage is insured under this program, subject to normal tenant selections.

FHA Mortgage Insurance for Manufactured Home Parks: Section 207. The Section 207 Program insures mortgage loans to facilitate the construction or substantial rehabilitation of multi-family manufactured home parks. Section 207 promotes the creation of manufactured home communities by increasing the availability of affordable financing and mortgages. The program insures HUD-approved lenders against loss on mortgage defaults. Insured mortgages may be used to finance the construction or rehabilitation of manufactured home parks. Home parks must consist of 5 or more spaces. Contractors for new construction and substantial rehabilitation projects must comply with prevailing wage requirements under the Davis-Bacon Act. Eligible mortgagors include investors, builders, developers and others who meet HUD requirements for mortgagors. Eligible Customers include families, individuals, or elderly persons owning manufactured homes or desiring to lease spaces in a manufactured park.

FHA Section 207/223(f) insures mortgage loans to facilitate the purchase or refinancing of existing multi-family rental housing. These projects may have been financed originally with conventional or FHA insured mortgages. Properties requiring substantial rehabilitation are not eligible for mortgage insurance under this program. The program allows for long-term mortgages (up to 35 years) that can be financed with Government National Mortgage Association (GNMA) Mortgage-Backed Securities. This eligibility for purchase in the secondary mortgage market improves the availability of loan funds and permits more favorable interest rates. The property must contain at least 5 residential units with complete kitchens and baths and have been completed or substantially rehabilitated for at least 3 years prior to the date of the application for mortgage insurance. The program allows for non-critical repairs that must be completed within 12 months of loan closing. The remaining economic life of the project must be long enough to permit a ten-year mortgage. The mortgage term cannot exceed 35 years or 75 percent of the estimated

life of the physical improvements, whichever is less. Davis Bacon prevailing wage requirements do not apply to this program.

The FHA Section 221(d)(3) and 221(d)(4) program insures mortgage loans for multi-family properties consisting of single-room occupancy (SRO) apartments. There are no Federal rental subsidies involved with this SRO program. It is aimed at those tenants who have a source of income but are priced out of the rental apartment market. SRO projects generally require assistance from local governing bodies or charitable organizations in order to reduce the rents to affordable levels. Although SRO housing is intended for very low-income persons, the program does not impose income limits for admission.

The BUILD IT! Loan Guaranty Program was created to encourage other lenders to provide interim financing for “high risk” or unconventional projects when they might not otherwise do so – for “high risk” or unconventional projects, unfamiliar types of borrowers or unfamiliar markets. The program offers MFA guaranties of up to 50 percent of the risk of loss in the underlying loan. BUILD IT! Loan guaranties can be used for owner-occupied or rental developments or special needs facilities. Sites must be responsive to demonstrated community needs, and zoning must be pending or completed. Commitments for matching contributions from other public sector entities, equal to 10 percent of the total development costs, must be in place. Finally, at least 40 percent of the units in the development must be affordable to households earning no more than eighty percent of adjusted area median income.

The NM Housing Trust Fund provides flexible funding for housing initiatives that will provide affordable housing primarily for persons or households of low-or moderate-income. Non-profit organizations, for-profit organizations, governmental housing agencies, regional housing authorities, governmental entities, governmental instrumentalities, tribal governments, tribal housing agencies and other entities as outlined in the Notice of Funding Availability (NOFA). Costs of infrastructure, construction, acquisition, and rehabilitation necessary to support affordable single-family or rental housing as outlined in the NOFA. MFA mortgage may be in first or junior lien position on the property. Rental projects must serve households earning 60 percent or less of AMI.

The MFA Primero Loan Program is a flexible, low-cost loan program created to finance the development of affordable rental or special needs residential facilities in New Mexico that would be considered “high risk” by traditional lenders. Its goal is to leverage other public and private funds, and to expand the housing development capacity of New Mexico’s nonprofit, tribal and public agency housing providers. The program can be used to finance all types of projects that cannot be accommodated by existing sources. Funding may be approved for specific housing developments, or for programs to be operated by agencies to meet local housing needs. Rental, owner-occupied and special needs projects of any size maybe financed under this program, during any stage of the development process. New construction, conversion, and acquisition/rehabilitation projects may be financed.

The HOME/Single-Family Development Program provides partial or “gap” financing to nonprofit and for-profit developers, public and tribal entities, and CHDOs for the construction, acquisition and rehabilitation of single-family homes throughout New Mexico. Units financed with HOME funds must be

affordable to households earning no more than 80 percent of the area median income adjusted for family size. HOME/SFD provides junior mortgages with below-market interest rates, and other advantageous loan terms tailored to the needs of the projects. HOME funds may be used in combination with other down payment and closing cost assistance programs. However, all HOME subsidies combined cannot exceed \$30,000 per unit. Homes must meet the Model Energy code, accessibility requirements under the Fair Housing Act, and local building codes.

The HOME/Rental Loan Program provides gap financing for a variety of affordable and special needs housing projects throughout the state of New Mexico. As gap financing, HOME funds are typically the last dollars committed to a project and are used in combination with other housing resources such as MFA's Tax Credit and 542(c) loan programs. MFA's HOME funds can be awarded as gap financing for projects that qualify for the Housing Tax Credit program. The maximum amount is \$20,000 per unit with a maximum of \$600,000 per project.

542(c) FHA-Insured Multifamily Loan Program provides construction and permanent loans for affordable rental developments, including new construction, substantial rehabilitation, refinancing or acquisition of projects having no less than five units per site. Structures may be detached, semi-detached, row houses or multi-family structures. Single asset mortgagors, including nonprofit organizations, for-profit corporations, joint ventures, limited liability companies, and partnerships are eligible borrowers.

Access Loans provide federally insured construction and permanent financing for small-scale affordable housing projects throughout New Mexico. This program is designed to minimize transaction and due diligence costs and expedite processing for small projects. Eligible projects include new construction, substantial rehabilitation, refinancing or acquisition of projects having no less than five units per site. Detached, semi-detached, row houses or multi-family structures are eligible. Eligible borrowers may be single asset mortgagors, including nonprofit organizations, for-profit corporations, joint ventures, limited liability companies, and partnerships.

MFA Tax Exempt Bond Financing for Affordable Rental Housing – MFA will provide bond financing for multi-family housing developments through the following mechanisms:

- Using Private Activity Bond Volume Cap (PABVC) multi-family project allocations from the State Board of Finance ("SBOF") for new tax-exempt bond issues;
- Refunding outstanding bond issues; or
- Issuing new 501(c)(3) bonds.

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This makes it one of the most potent and important public investment tools that HUD offers to local governments. It allows them to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue larger renewal projects. Local governments borrowing funds guaranteed by Section 108 must pledge their current and future CDBG allocations to cover the loan amount as security for the loan. Loan

commitments are often paired with **Economic Development Initiative (EDI)** or **Brownfield Economic Development Initiative (BEDI)** grants, which can be used to pay predevelopment costs of a Section 108-funded project. They can also be used as a loan loss reserve (in lieu of CDBG funds), to write-down interest rates, or to establish a debt service reserve. Eligible applicants include non-entitlement communities that are assisted in the submission of applications by the state.

The Federal Home Loan Banks' Affordable Housing Program (AHP) is funded with 10 percent of the Federal Home Loan Banks' net income each year. The AHP allows for funds to be used in combination with other programs and funding sources, like the Low-Income Housing Tax Credit. These projects serve a wide range of neighborhood needs; many are designed for seniors, the disabled, homeless families, first-time homeowners, and others with limited resources. More than 776,000 housing units have been built using AHP funds, including 475,000 units for very low-income households. The Federal Home Loan Bank System is the largest single funding provider to Habitat for Humanity.

The HUD Self-Help Homeownership Program (SHOP) is a competitive grant program to national and regional nonprofit organizations and consortia that have experience in providing or facilitating self-help housing opportunities. Grants are to be used by the grantee or its affiliates for eligible expenses in connection with developing non-luxury housing for low-income families and persons who otherwise would be unable to purchase a house. Eligible expenses are limited to land acquisition (including financing and closing costs), infrastructure improvements (installing, extending, constructing, rehabilitating, or otherwise improving utilities and other infrastructure), and administrative costs (up to 20 percent of the grant amount). Homebuyers must contribute a significant amount of sweat equity toward the construction of their homes.

The Enterprise Community Loan Fund offers flexible, innovative loan products to help make it possible for developers and nonprofit organizations to create sustainable, affordable housing and community facilities. Loan products include predevelopment loans; building or land acquisition loans, predevelopment costs and critical repairs; mini-permanent loans for the operating buildings, predevelopment costs and critical repairs; and construction and bridge loans.

Other Enterprise Programs – Enterprise offers a variety of financing for housing project that meet specific objectives, including green development, transit-oriented development, supportive housing, and others. Products include LIHTC and New Markets Tax Credit Equity, multi-family mortgage finance, predevelopment and acquisition loans and technical assistance. Enterprise often works through local partner organizations to accomplish their goals. Enterprise's Santa Fe office is a resource in New Mexico.

USDA Rural Development (RD) Rural Housing Service (RHS) Loans guarantees lender's loans to construct rental housing for very low- to moderate- income households; or elderly, handicapped, disabled persons with income not in excess of 115 percent of the median income of the surrounding area.

Resources for Rehabilitation and Homeowner Support

The New Mexico EnergySmart Weatherization Assistance program is administered through the New Mexico Mortgage Finance Authority. Federal, state and utility funds are used for the program. Weatherization services are performed by four non-profit providers located throughout the state. Households with incomes at or below 150 percent of the national poverty level are eligible for the program.

MFA HOME Investment Partnership Program provides assistance to low-income homeowners who lack the resources to make necessary repairs to their homes. Assistance can be used for reimbursement of costs for rehabilitation, which includes the following: applicable codes, standards or ordinances, rehabilitation standards, essential improvements, energy-related improvements, lead-based paint hazard reduction, accessibility for disabled persons, repair or replacement of major housing systems, incipient repairs and general property improvements of a non-luxury nature, site improvements and utility connections. MFA relies on nonprofits, housing authorities, and local governments to administer the homeowner rehabilitation program. Funds are awarded through a competitive RFP process.

HUD - Rehabilitation Mortgage Insurance (Section 203(k)). Section 203(k) insurance enables homebuyers and homeowners to finance the purchase (or refinancing) of a house and the cost of its rehabilitation through a single mortgage or to finance the rehabilitation of their existing home. The program insures a single, long term, fixed or adjustable rate loan that covers both the acquisition and rehabilitation of a property. The home must be at least a year old, requiring rehabilitation of at least \$5,000, but the total value of the property must still fall within the FHA mortgage limit for the area. Eligible repairs may range from relatively minor to virtual reconstruction: a home that has been demolished or will be razed as part of rehabilitation is eligible, for example, provided that the existing foundation system remains in place. HUD requires that properties financed under this program meet certain basic energy efficiency and structural standards.

Southeast New Mexico Community Action Corporation (SNMCAC) has partnered with the Group Workcamp Foundation to repair the homes of elderly, disabled and lower income residents in the area. In summer 2012, the Group Workcamps program from Colorado provided free home repairs in Roswell.

USDA Rural Repair and Rehabilitation Loan and Grant Program provides loans and grants to very low-income homeowners to repair, improve, or modernize their dwellings or to remove health and safety hazards. Rural Housing Repair and Rehabilitation Grants are funded directly by the Government. Grants are available for homeowners who are 62 or older and cannot repay a loan. Funds may only be used for repairs or improvements to remove health and safety hazards, or to complete repairs to make the dwelling accessible for household members with disabilities. Loans of up to \$20,000 and grants of up to \$7,500 are available. The interest on loans is 1 percent. Loans and grants can be combined.

USDA Housing Preservation Grants Program provides grants to sponsoring organizations for the repair or rehabilitation of low- and very low-income housing.

Other Programs

HUD 255 Home Equity Conversion Mortgage Program (HECM) – Reverse mortgages are increasing in popularity with seniors (homeowners 62 or older) who have equity in their homes and want to supplement their income. The only reverse mortgage insured by the US Federal Government is called a Home Equity Conversion Mortgage or HECM and is only available through an FHA approved lender. The HECM enables seniors to withdraw some of the equity in their home as a fixed monthly amount or a line of credit or a combination of both. The HECM can be used to purchase a primary residence if the owner is able to use cash on hand to pay the difference between the HECM proceeds and the sales price plus closing costs for the property being purchased. The property owner must own the property outright or have paid down a considerable amount, occupy the property as a principal residence, not be delinquent on any federal debt and participate in a consumer information session given by a HUD-approved counselor. Single family homes, 2-4-unit homes with one unit occupied by the borrower, and manufactured homes that meet FHA requirements are eligible property types.

Appendix E. Service Providers

Service Provider List

Local Service Provider Name	Services Provided	Contact Information
Gallup Housing Authority	Provide public housing: Section 8 Housing Choice Voucher (HCV), and Public Housing programs	505-722-4388- gha.main@galluphousing.com
Saint Joseph Food & Shelter	Overnight shelter for men and women, breakfast and dinner for those who stay in shelters, and used clothing distribution	505-722-5156
NA Nizhoozhi Center Inc. (NCI)	Drug treatment program- outpatient care, residential short-term treatment, and residential long-term treatment	505-722-2177
Battered Families Services, Inc.	Emergency shelter, Non-residential services, Legal advocacy, Support groups, Batterer intervention program, Community outreach.	505-722-7483- director- ellison@batteredfamilies.com
Catholic Charities of Gallup	Emergency-assistance with past due rent or utilities, food vouchers, diapers, formula Drop in Breakfast every weekday morning Free Income Tax Preparation Transient Relief Services Thrift Store	505-722-0999- director- accountant@catholiccharitiesgallup.org
Southwest Indian Foundation	New home construction for low-income Native American families located on the Navajo reservation. Also assist with rent, utilities, gas and food vouchers, emergency lodging, transportation services and clothing donations.	505-863-9568- gccdirector@gmail.com
Habitat for Humanity, Gallup	Low-cost homes for qualified people with a high standard for energy and water conservation	505-879-1656- habitatgallup@gmail.com
Navajo Partnership Housing	Housing construction, financial education, and mortgage lending provided on Navajo Reservation and in the City of Gallup	505-722-0551- rwood@npfh.org, potero@npfh.org

Greater Gallup Industrial Workforce Program	A program administered by GGEDC that provides construction training and helps build homes.	(505) 722-2980 Johnny Gonzalez, GGIWP Manager jonathan@gallupedc.com
Villa Guadalupe (Little Sisters of the Poor)	Nursing home, hospice, and assisted living for the elderly poor	505-863-6894, msgallup@littlesistersofthe poor.org
Supportive Housing Coalition of New Mexico	Rental assistance to people with behavioral health disorders who are experiencing homelessness, service coordination, affordable and permanent housing communities	505-255-3643, info@shcnm.org