



Taos County

Affordable Housing Plan

June 2020

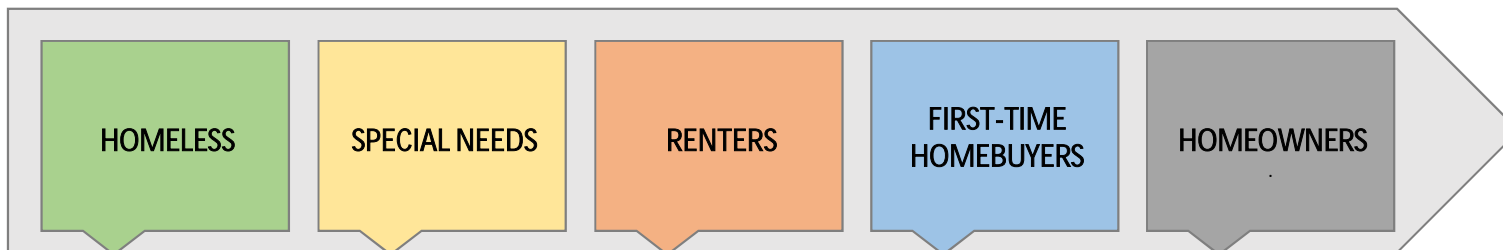


Introduction

In the State of New Mexico, affordable housing plans are required for local governments that wish to make contributions for affordable housing. This affordable housing plan meets the standards of the state Affordable Housing Act and has been approved by the New Mexico Mortgage Finance Authority (MFA), as required by the Act. This plan covers Taos County and the Village of Questa. The County and Questa intend to adopt this plan by resolution and will subsequently adopt an Affordable Housing Ordinances approved by MFA to enable specific contributions for affordable housing.

As shown below in the Continuum of Housing, the Taos County Affordable Housing Plan comprehensively examines housing needs for all residents, including persons experiencing homelessness, special needs individuals who need supportive services, first-time homebuyers and renters and homeowners of all income levels. The plan will also examine the needs of seniors and the workforce who access housing at multiple points along the continuum.

Figure 1: Continuum of Housing



Executive Summary

Taos County is a beautiful place to live as is clearly recognized by the residents who make Taos their home and the tourists that flock to the area every year. Taos was once a collection of small Hispano villages, each built around its own plaza and chapel. These villages were interdependent with one another and Taos Pueblo for safety, food and trade. In the late 1800s, east coast artists “discovered” Taos and made the area their home. The Taos Artist Society popularized Taos and Taos Pueblo, bringing the first waves of visitors and tourists. Since then, Taos has been a popular tourist destination and many visitors have moved to the area permanently due to its physical beauty and sense of spiritual enlightenment.

But there has been a price to pay for Taos’ popularity. Tourism has generated many jobs; however, most of these jobs pay low wages and many are seasonal. At the same time, housing prices have increased significantly as out-of-state buyers and second homeowners have moved to Taos County. These conditions create a mis-match between incomes and housing costs which is the most extreme in the state. In the last 10 years, this inequitable situation has been exacerbated by the advent of short-term rentals listed through online platforms such as VRBO and Airbnb. Short-term rental opportunities have enabled many property owners to earn additional revenue; however, this comes as yet another cost to local residents who now have a more limited supply of high-priced housing from which to choose.

In response to these challenging conditions, the Town of Taos and Taos County have taken many important steps to ensure that affordable housing is available to local residents:

- Low-Income Housing Tax Credit (LIHTC) Projects: The greatest affordable housing success in Taos has been several LIHTC projects which have been developed by a local resident who is an experienced developer. Collectively, these developments provide 340 units of rental housing for households earning 60% Area Median Income (AMI) and below.

Executive Summary

- Donations: In 2017, Taos County traded land with the Town of Taos, enabling the Town to donate the land for a recent LIHTC project which will produce 80 new affordable housing units. Creative partnerships such as this continue to be major drivers for affordable housing development countywide. With the adoption of this Affordable Housing Plan, Taos County and the Village of Questa will have the option to make direct land, cash and building donations, as well as to waive fees for future affordable housing projects.
- Viable Public Housing: In 2014, the Taos County Housing Authority was faced with closure due to financial misfeasance. Rather than surrender its vouchers and public housing units, Taos County consolidated with the regional Northern Regional Housing Authority (NRHA) to preserve approximately 450 Section 8 vouchers for use county-wide and 169 low-rent units. These resources are essential, in that they are the only housing resources available to extremely low-income renters earning 30% AMI and below.
- Dedicated Homeless and Special Needs Service Providers: In 2018, homeless service providers in Taos came together to assess the state of homelessness in Taos County. This one-time event has become a continued collaboration through which the providers have developed collective estimates for housing needs for those experiencing homelessness. Other dedicated services providers house and assist persons with disabilities and other special needs as well as seniors and veterans. In addition, an entity called the Rio Grande Recovery Center is in the process of opening a detox center in Taos. This facility is badly needed since the previous facility closed its doors in 2015.

Executive Summary

Within these successes, some major gaps remain to fully address the affordable housing challenges in Taos. While significant headway has been achieved in meeting the needs of the renters earning 60% AMI whom LIHTC projects serve, the fact that only 12% of renter households can qualify for their first home is creating a bottleneck throughout the entire housing pipeline. Furthermore, there are workforce housing needs in rural Taos County that are currently only addressed to a limited degree in the Town of Taos. Creative solutions—including partnerships with developers and employers and scattered-site, mixed-income projects—are needed to address housing needs county-wide.

The full list of goals and objectives for this Taos County Affordable Housing Plan are provided below:

1. Develop workforce rentals in Questa and in other locations throughout the County. (118 units)
2. Pursue and partner with the Town of Taos on Low-Income Housing Tax Credit and other affordable housing projects. (152 units)
3. Increase the impact of Northern Regional Housing Authority through active board participation and local government partnerships, additional rental vouchers, reevaluation of fair market rents to enable use of existing Section 8 vouchers and new mixed-income LIHTC projects that include additional 30% AMI units. (127 vouchers/units)
4. Establish a land trust to develop new starter homes with long-term affordability, potentially using publicly owned or privately-owned land that can receive the state tax credit.
5. Expand the use of current rehabilitation programs in Taos County and pilot new funding opportunities. (435 units)
6. Support the efforts of the State of Homelessness in Taos Collaborative to provide shelter and permanent housing for people experiencing homelessness.
7. Consider limiting the number of vacation rentals in the County or within a defined radius around the Town of Taos.
8. Consider implementing a real estate transfer tax on high-price sales with proceeds directed to affordable housing.

I. Community and Housing Profile

Summary

Taos County is complex. A significant portion of the County is federal land; only 31% of the county is in private ownership. Outside of four incorporated communities (Town of Taos and the villages of Questa, Red River and Taos Ski Valley), the county is home to many traditional Hispanic villages that were built around central plazas for protection as well as economic and social cooperation. Many of these areas lack infrastructure but have rather dense development. Taos County is also home to a number of areas settled during the counter cultural and social movements of the 1960s and 1970s. Some of these settlements have evolved into more formal and conventional neighborhoods while off-the-grid and Earthship living has flourished near the Rio Grande Gorge and in other communities. In addition, Taos County is home to four ski areas—Taos Ski Valley, Red River Ski Area, Sipapu and the Enchanted Forest Cross Country Ski Area, all of which have varying degrees of infrastructure as well as residential and commercial development which support them.

Taos County has a tourism-based economy with a significant number of jobs in lower-wage service and hospitality sectors. Some jobs are seasonal and reportedly many residents work two or more jobs on a part-time basis. In addition to lower incomes, the tourism economy, which includes second homes and short-term rentals, pushes housing costs beyond the reach of most local residents. As a result, Taos County has the greatest disparity between incomes and housing costs in the entire state.

Taos County has experienced flat population growth of one percent during the past five years. The Town of Taos has grown while other communities have decreased in population. The population is generally aging and older than the state average. The County has a majority-minority population with high percentages of Hispanics and many Native Americans who live at Taos Pueblo as well as in the Town and County.

Taos County has significantly more one-person households and fewer family households than is typical in New Mexico. Taos County which has a very high homeownership rate and a high percentage of mobile homes. Mobile homes and manufactured housing are widely relied on as an affordable housing alternative for locals who have family land resources.

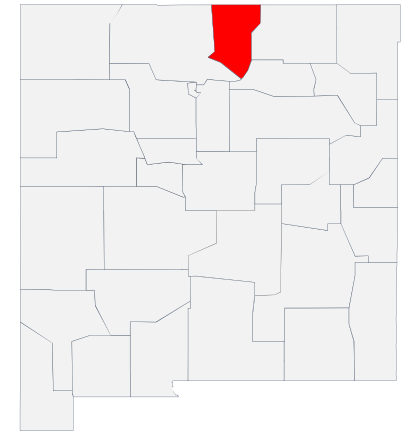


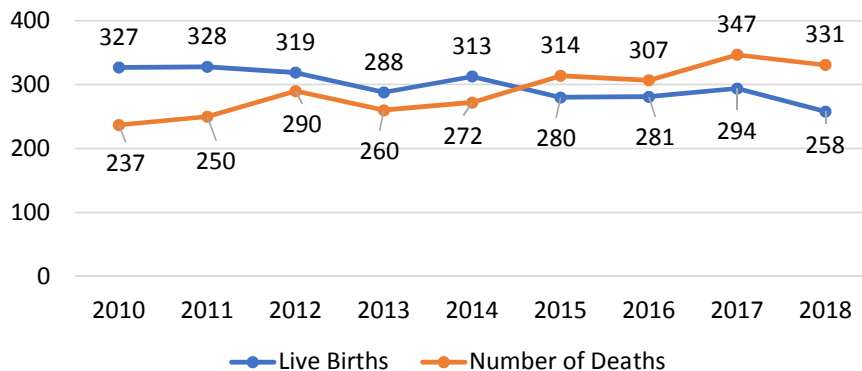
Figure 2: Location of Taos County in NM

Population Trends

Population growth in Taos County is lower than the state as a whole, one percent from 2010 to 2018 vs. four percent in New Mexico for the same period. When the Town of Taos is removed from the equation, the County's population actually decreased by slightly more than 100 individuals. Population trends for the villages of Questa, Red River, Taos Ski Valley and unincorporated census designated places are shown in Figure 6. Most areas had slight decreases in population which were cancelled out by a high growth rate (7.6%) in the Town of Taos.

In 2015, the number of deaths in Taos County began to eclipse the number of births. Higher deaths than births would result in a negative growth rate; therefore, some in-migration is occurring to keep the County's growth rate flat.

Figure 3: Taos County Births vs Deaths



Source: NM Department of Health, IBIS, Counts of Birth and Deaths 2010-2018

Figure 4: Taos County Population Trends

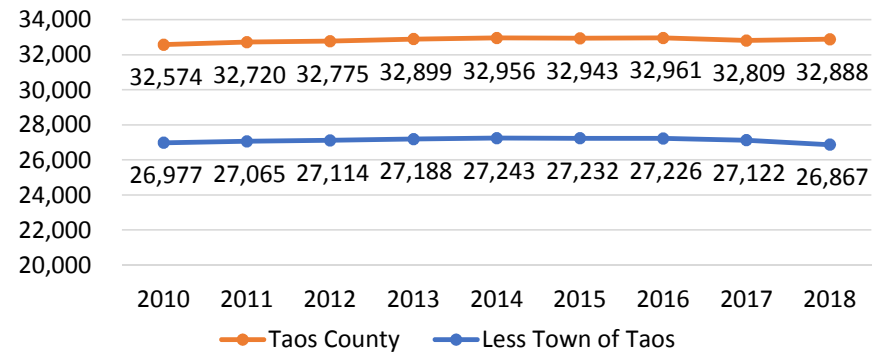
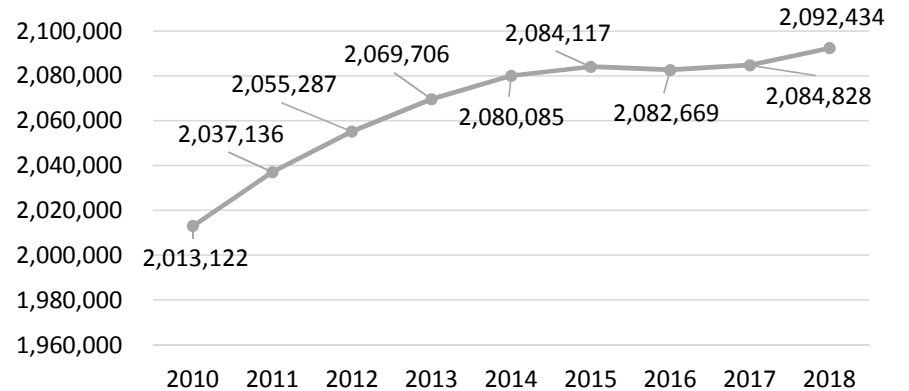


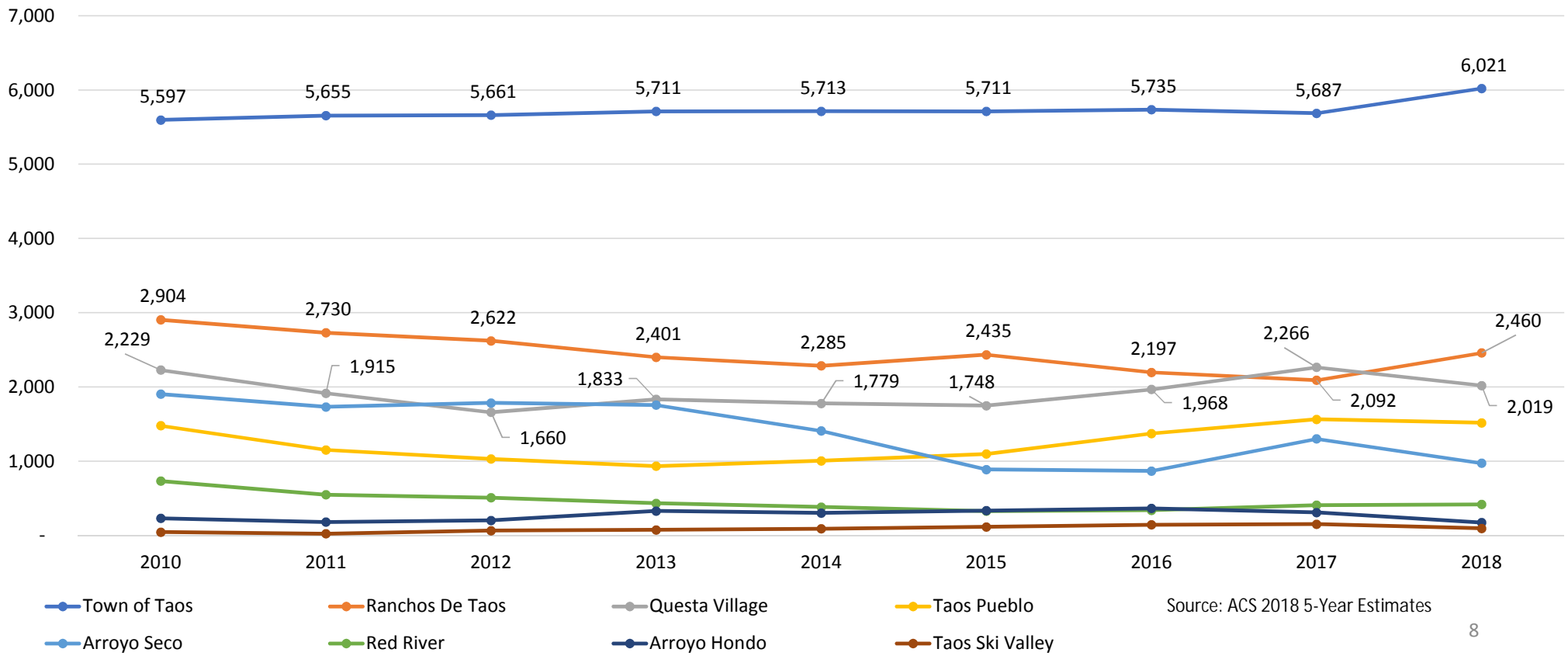
Figure 5: New Mexico Population Trends



Source: ACS 2018 5-Year Estimates

Population Trends

Figure 6: Town, Village and Census Designated Place Population Trends



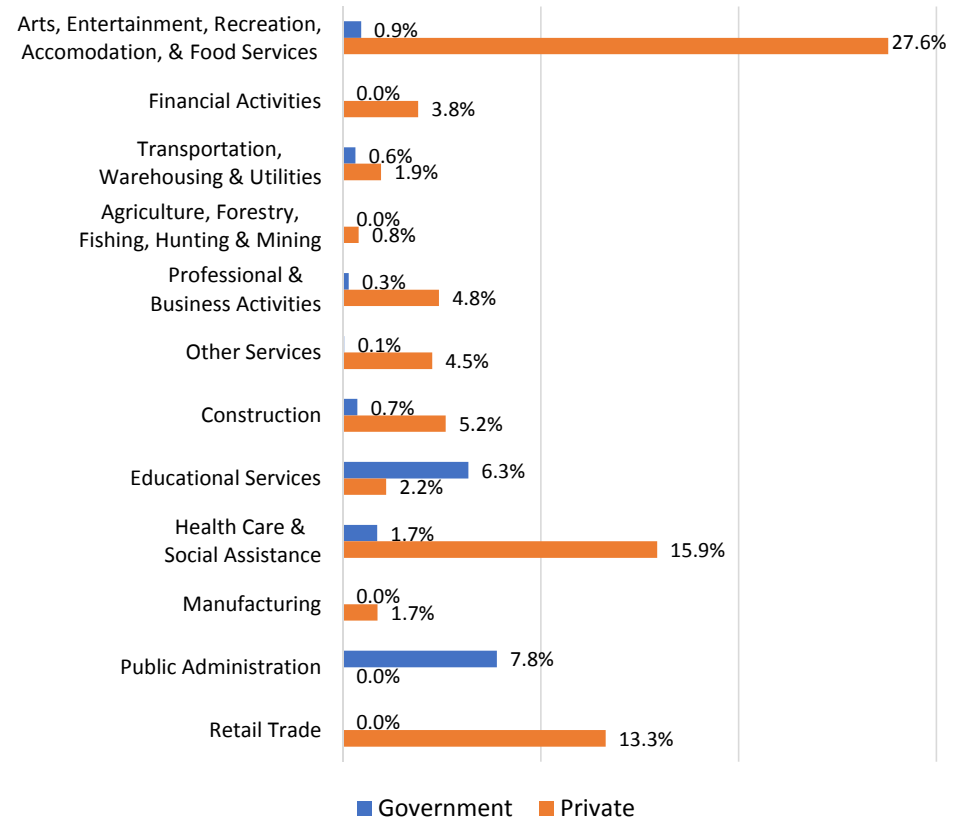
Employment

As shown in Figure 7, employment in Taos County is concentrated in the Arts, Entertainment, Recreation and Food Services sector, with 28% of employment. Other large sectors include Health Care and Social Assistance at 18% of employment and Retail Trade at 13%. All other sectors make up 10% or less of employment, respectively. This profile differs from New Mexico, where the largest employment sectors are Health Care and Social Assistance at 17% of employment, Arts and Entertainment at 14%, Professional and Business Activities at 13% and Retail Trade at 11%.

Because wages in the Arts and Entertainment sector tend to be lower and wages in Professional Services tend to be higher, Taos County has a higher percentage of lower-paid jobs than the state. According to the Department of Workforce Solutions' Quarterly Census of Employment and Wages, the average wage in Taos County is \$15.60 per hour compared to the statewide average of \$21.73 per hour.

Government employment is also lower in Taos County at 18% compared to 22% in New Mexico and 14% in the U.S. While this lower rate of government employment is consistent with Taos County's tourism-based economy, it is also somewhat misleading in that much of Taos County's private sector employment is seasonal. As shown in Figure 9, many of Taos County's largest employers are government entities.

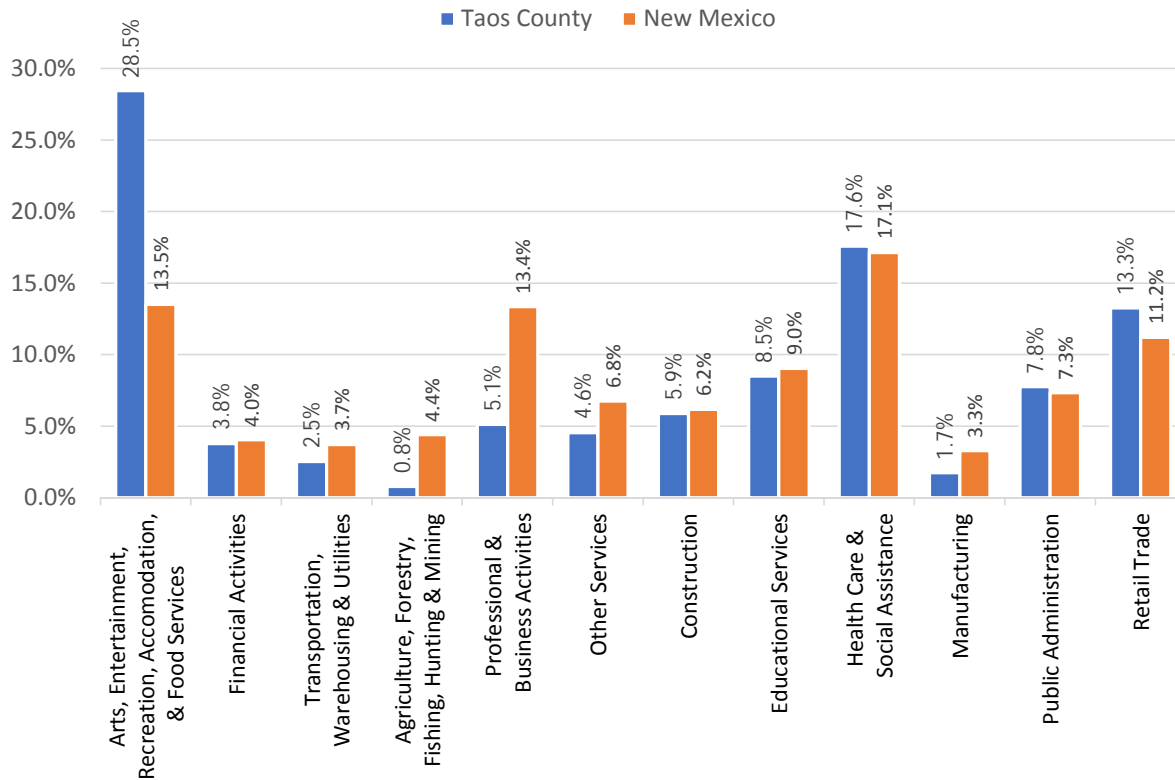
Figure 7: Government and Private Employment in Taos County



Source: NM Department of Workforce Solutions Quarterly Census of Wages 2018 Preliminary Totals

Employment

Figure 8: Employment by Industry



Source: NM Department of Workforce Solutions Quarterly Census of Wages 2018 Preliminary Totals

Figure 9: Largest Employers in Taos Co.	Employees
Taos Ski Valley (Seasonal)	750
Taos County	290
Walmart	275
Taos Schools	265
US Government	258
Holy Cross Hospital	100-249
Albertsons	100-249
Red River Ski Area	100-249
State of New Mexico	192
Town of Taos	172

Source: NM Partnership Estimates, Retrieved 2020

Figure 10: Largest Employers in NM	Employees
Federal Government	21,766
State Government	18,359
Walmart	14,022
Sandia National Laboratories	12,206
Presbyterian	11,178
Albuquerque Public Schools	10,297
Los Alamos National Laboratories	10,086
UNM Hospital	6,772
City of Albuquerque	5,800
University of New Mexico	4,210

Source: NM Partnership Estimates, Retrieved 2020

Race and Ethnicity

The majority of Taos County's population is Hispanic at 57%, followed by White at 35%. This percentage of Hispanic residents is higher than in the state where Hispanics represent 48% of the population. Due to the presence of the Taos Pueblo, seven percent of Taos County's population is Native American; however, this is lower than nine percent statewide. Taos County has lower percentages of African Americans and Asians than New Mexico and much lower percentages than the U.S.

Figure 11: Race and Ethnicity in the United States

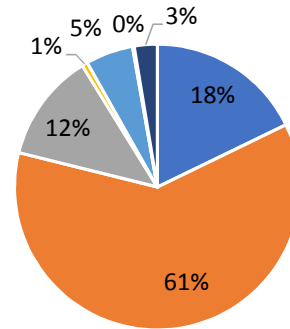


Figure 12: Race and Ethnicity in New Mexico

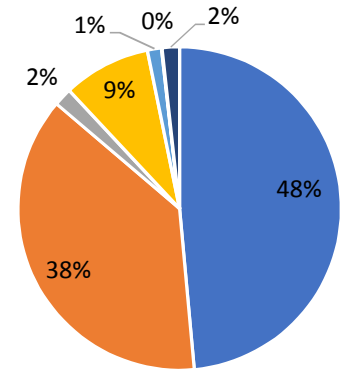
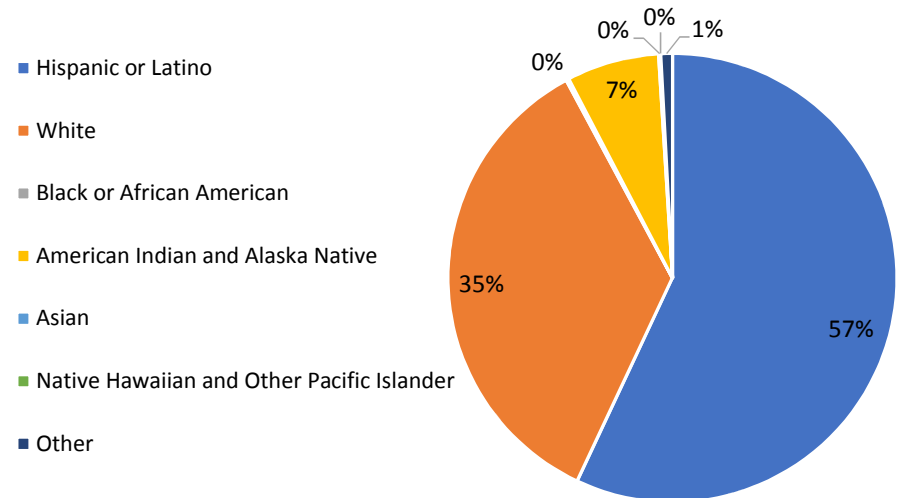


Figure 13: Race and Ethnicity in Taos County



Source: ACS 2018 5-Year Estimates

Age

Taos County's population is one of the oldest in the state, with a median age of 48.2, more than 10 years older than the state median age. Compared to New Mexico, Taos County has a smaller percentage of population younger than 40 years and a larger percentage of population older than 40 years. Fifteen percent of the population is over 70 years of age compared to 11 percent in New Mexico.

In Taos County, 41% or 4,991 of 12,127 occupied households are occupied by seniors. As in New Mexico and the U.S., most seniors live with family, many live alone and a small percentage live with others in roommate, caretaker or group settings.

Figure 14: Senior Households as a Percent of All Households

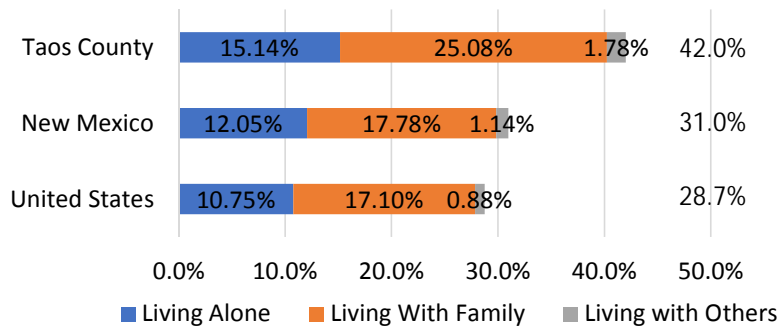


Figure 15: Median Age

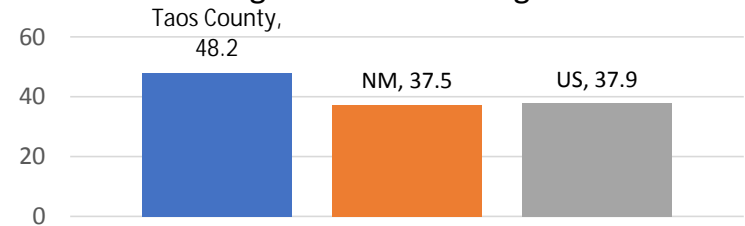


Figure 16: Taos County Age Distribution

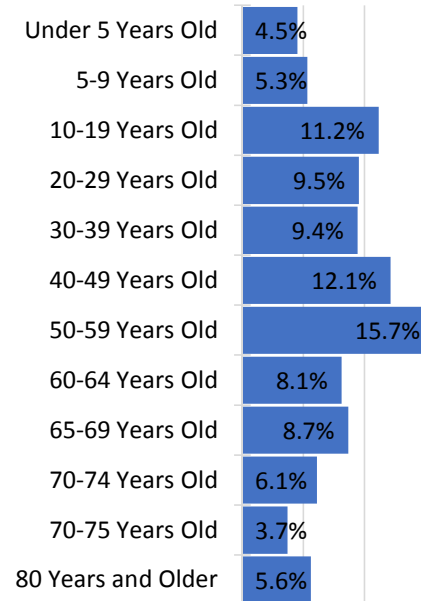
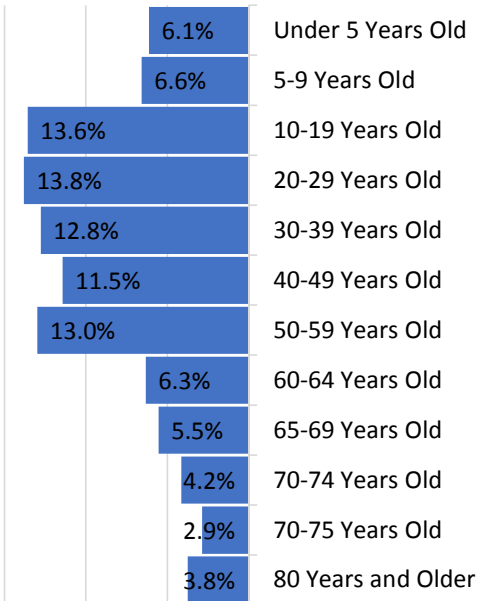


Figure 17: New Mexico Age Distribution



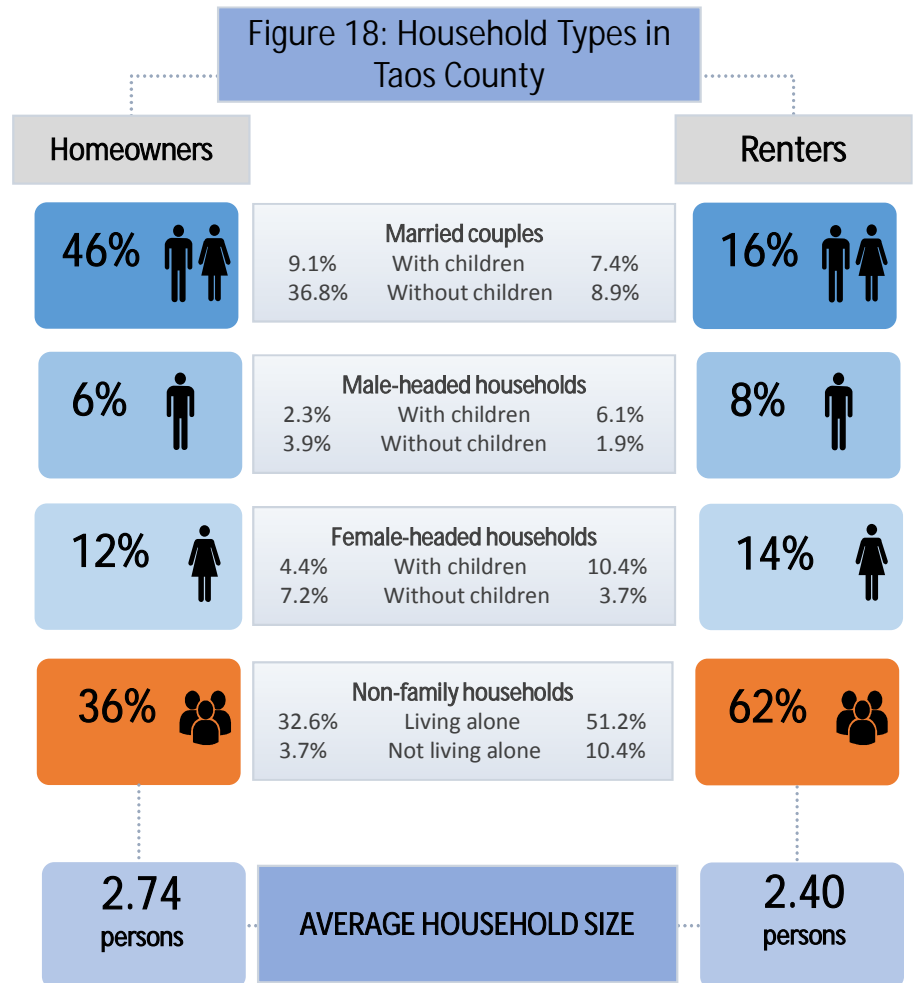
Source: ACS 2018 5-Year Estimates

Household Types

For both homeowner and renter households, Taos County has a higher percentage of non-family households (42%) than New Mexico (36%). Within that category, persons living alone is also substantially higher in the County (37%) than in the state (30%). Taos County has a similar rate of female headed households compared to New Mexico, at 14%.

The County has a lower percentage of married couple households (39%) and families with children (9%) than New Mexico.

Taos County's average household size is identical to the state's at 2.6 persons per household.



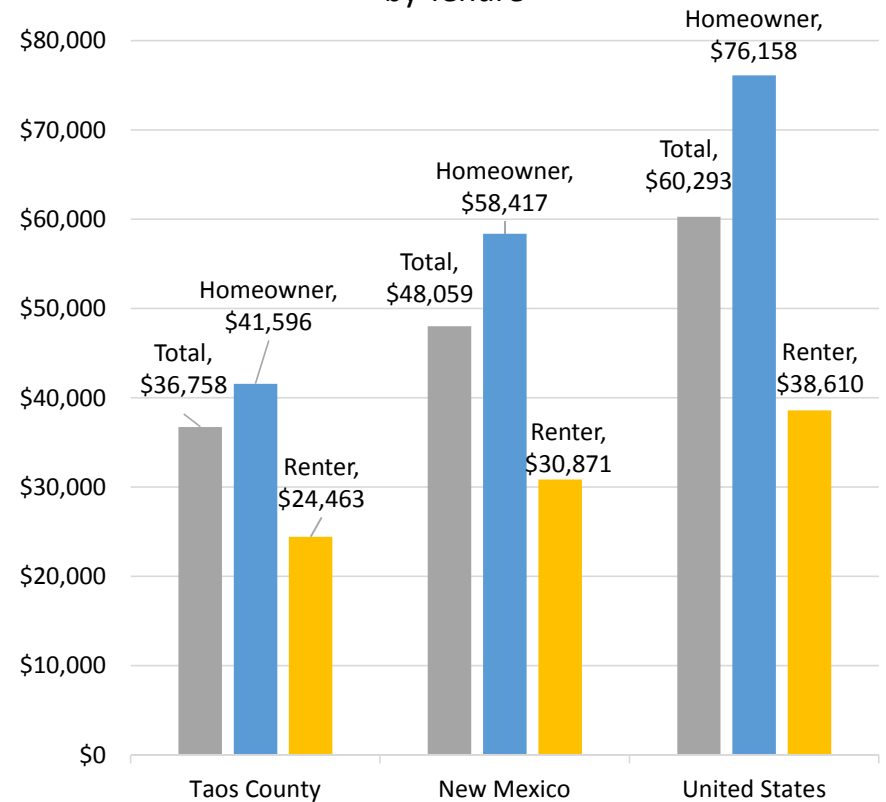
Income Distribution

Taos County also has one of the lowest median household incomes in the state at \$36,758. This is \$11,000 less than the state median income and \$23,500 less than the U.S. median income.

Homeowner incomes are typically higher than renter incomes and Taos County is no exception. In Taos County, the median income of owner-occupied households is \$41,596 compared to \$24,463 for renters. As shown in Figure 19, these incomes are lower than owner-occupied and renter household incomes in both New Mexico and the U.S.

Figure 20 on the following page shows the percentage of households at different incomes levels for the County, New Mexico and the U.S., broken down by homeowners and renters.

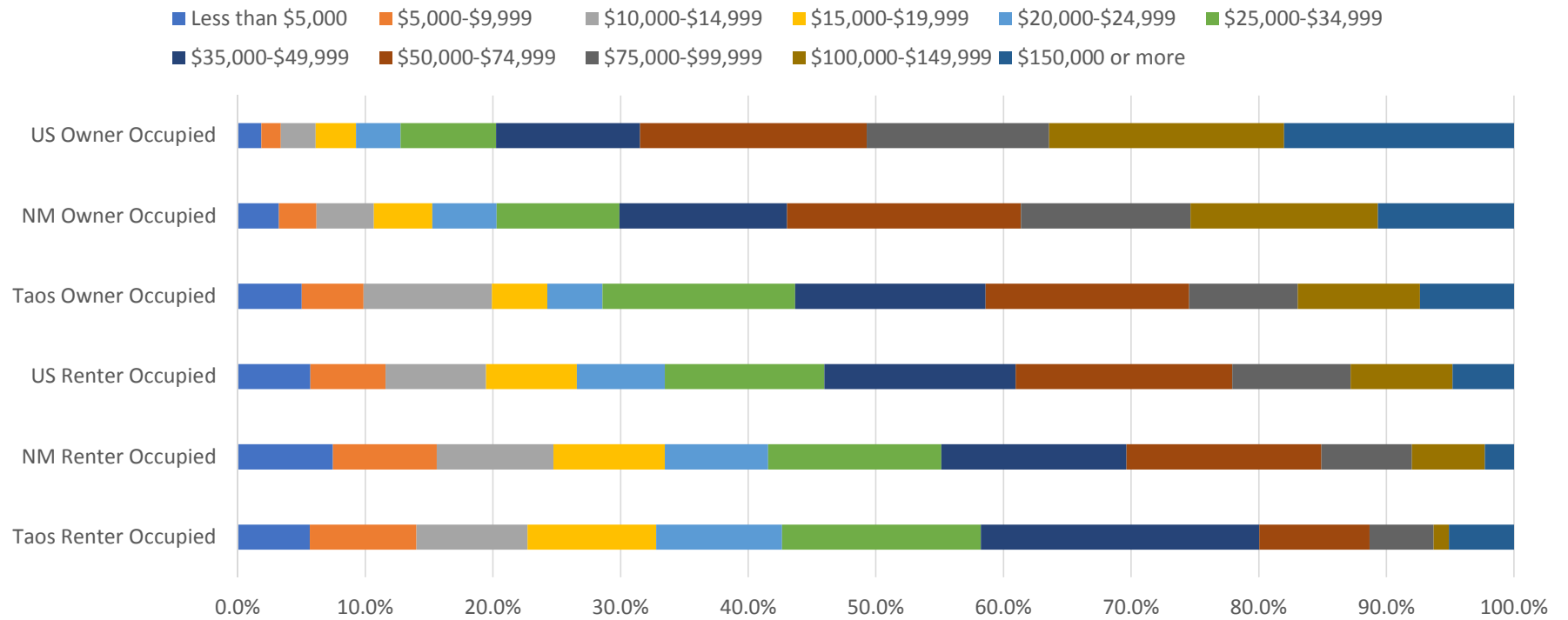
Figure 19: Median Household Income by Tenure



Source: ACS 2018 5-Year Estimates

Income Distribution

Figure 20: Income Distribution by Tenure



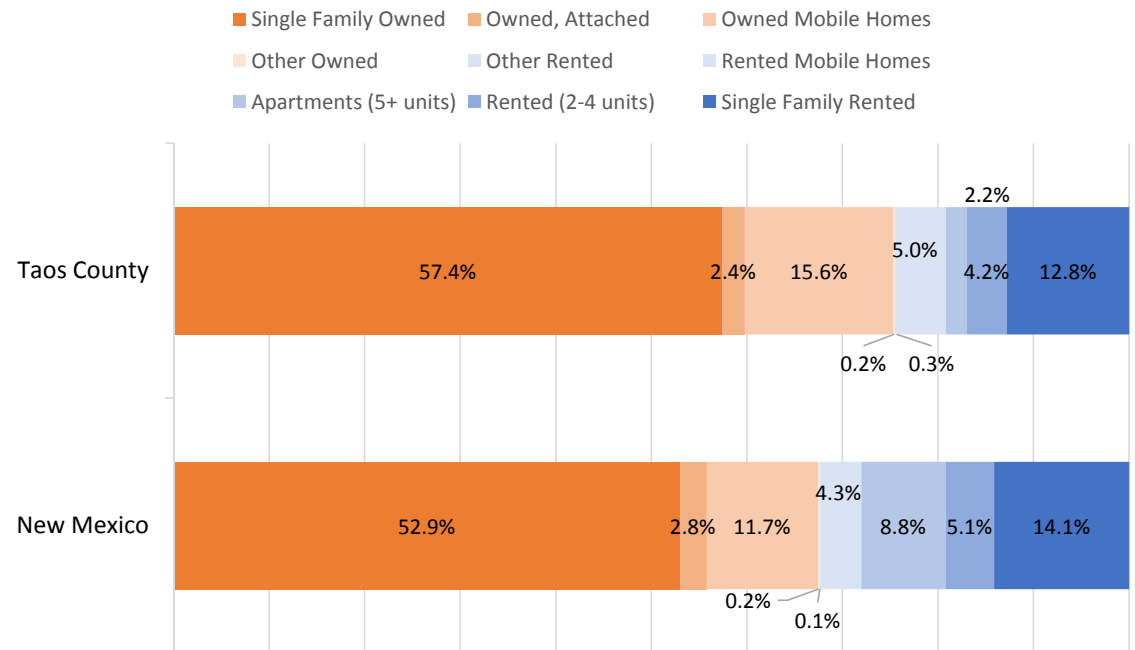
Source: ACS 2018 5-Year Estimates

Housing Units by Tenure

Taos County has a very high homeownership rate. Of all occupied households, 75% are owned and 24% are rented compared to New Mexico where 67% are owned and 32% are rented. For homeowners in the County, 64% do not have a mortgage, which is much higher than the rate in New Mexico of 45%.

In terms of housing tenure and housing type, Taos County is similar to New Mexico except for minor differences which would be expected in a rural area. These include a higher percentage of owner-occupied mobile homes, 16% compared to 12%, and a lower percentage of apartments. Taos County has very few apartment units in apartment complexes, two percent compared to nine percent in New Mexico.

Figure 21: Occupied Housing Units by Tenure



Source: ACS 2018 5-Year Estimates

Vacant Homes & Short-Term Rentals

According to the American Community Survey, 8,682 or 42% of Taos County's 20,809 housing units are vacant. Vacant homes categorized as "other" are typically those that are not occupied because they need repair, rehabilitation or are uninhabitable. These units make up 14% of all homes in Taos County.

Roughly half of Taos County's vacant homes are for seasonal or recreational use, which includes second and vacation homes and short-term rentals. The American Community Survey reports 4,197 housing units in this category, representing 20% of the total housing stock in the County.

It is difficult to pinpoint the exact number of short-term rentals in the County and Town because property management companies, homeowners and listing agents often list one property multiple times. For purposes of this analysis, this Plan uses Vacation Rental by Homeowner's (VRBO) total number of listings for Taos, which is 1,167, which is about 6% of all housing units (occupied and vacant) in Taos County. VRBO categorizes these short-term rentals as 496 homes, 99 cabins, 99 cottages and 361 condos and/or apartments. This number is considerably smaller than that reported by the American Community Survey and is therefore believed to be conservative.

Figure 22: Taos County Housing Units by Tenure

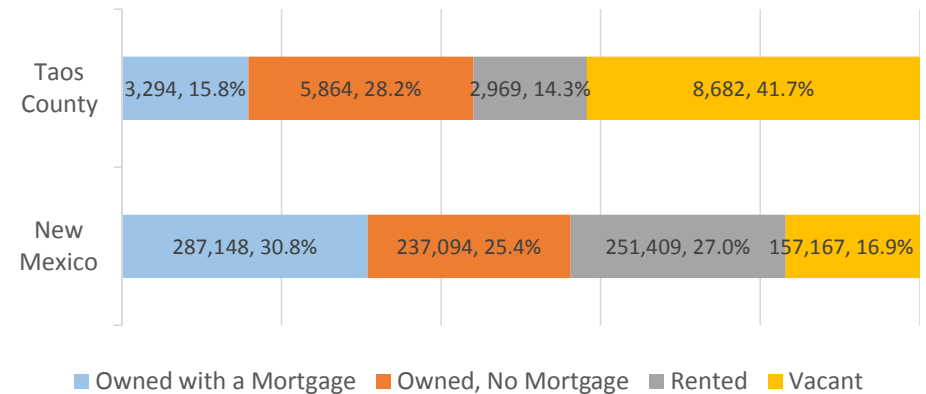
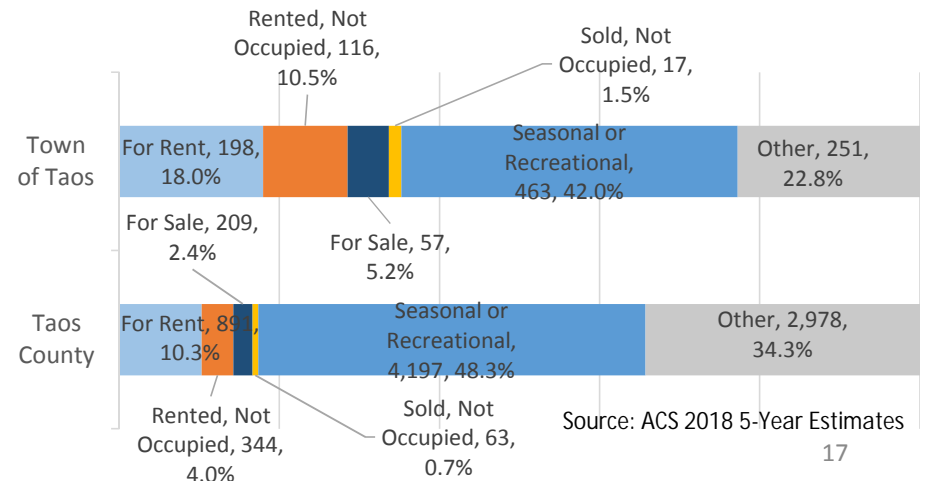


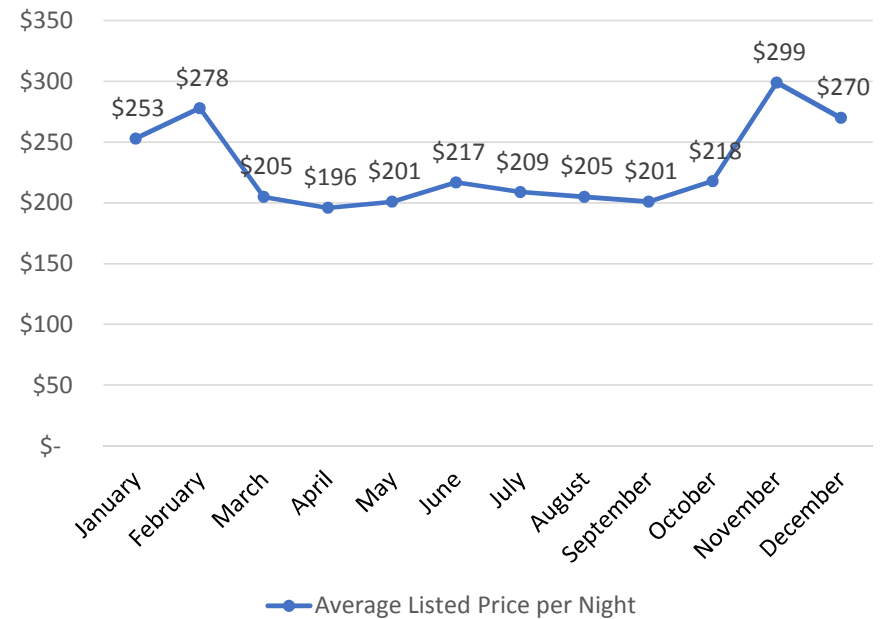
Figure 23: Taos County Use of Vacant Units



Short-Term Rentals

There is clearly an impact on housing supply when many units of Taos' housing stock are taken off the local market for use as vacation and second homes and short-term rentals. The impact is largely felt in the form of increasing rents, because with less supply, landlords can charge more. As depicted in Figure 24, short-term rentals are very lucrative and the high prices charged on a per-night basis have a significant impact on local housing prices in Taos.

Figure 24: Average Listed Price per Night for Taos County on VRBO



Source: ACS 2018 5-Year Estimates

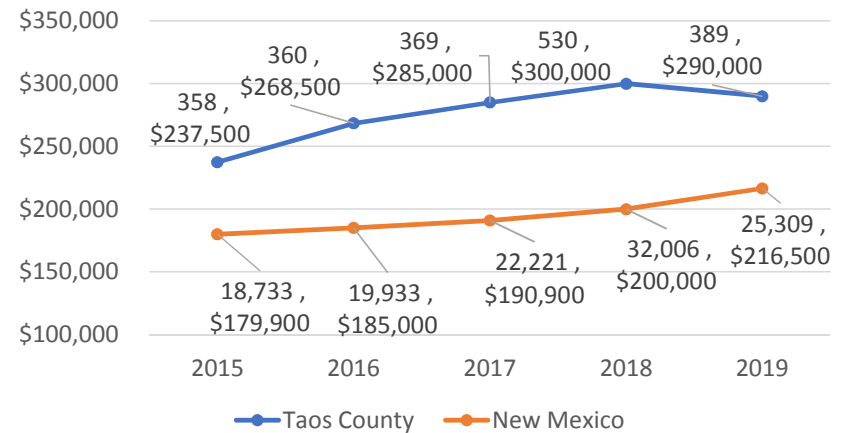
Home Sales

During the past five years, the number of home sales in Taos County increased from 358 to 389, with a peak of 530 in 2018. During the same time period, median home prices rose from \$237,500 to \$290,000, an increase of 22%.

Home prices in Taos County are among the highest in the state. This creates great affordability challenges in Taos, where incomes are very low. Affordability of for-sale housing can be estimated by considering the percentage of households that can afford the median priced home based on standard terms for loan qualification.* Using American Community Survey income data, it appears that for-sale housing is affordable for 35% of existing homeowner households and 12% of renter households in Taos County. Affordability is much lower in Taos County than in New Mexico overall, where the median priced home is affordable for 53% of homeowner and 27% of renter households. Taos County households require a household income of \$72,700 to qualify for a median-priced home, compared to \$55,000 for New Mexican households overall. Poor affordability in Taos County is due to a perfect storm of high home prices and very low incomes.

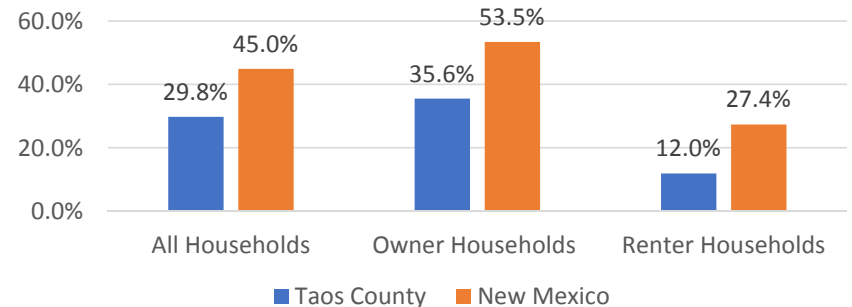
*Standard terms for loan qualification: 32% debt to income ratio, 30-year fixed rate mortgage at 4.75% with a five percent down payment, property taxes at one percent of purchase price, homeowners insurance of \$700 per year and property mortgage insurance at 0.9% of the loan amount. Because no assumptions were made about the credit-worthiness of the household, this analysis overestimates the percentage of households that qualify to purchase a home.

Figure 25: Number of Home Sales & Median Home Sales Prices



Source: NM Association of Realtors, Housing Trends 2015-2019

Figure 26: Percent of Population that can Afford a Median Priced Home



Home Sales

For-sale home listings were researched for this Plan in May 2020. While the research occurred during the Coronavirus pandemic, no downward effect on listing prices was noted. Data was compiled from Realtor.com, which listed 205 single family homes with an average price of \$350,000 or \$237 per square foot.

Figure 27: Realtor.com Home Sale Listings, May 2020

Area	Number of Listings	Median Listing Price	Median Price per SF	Lowest Listing Price	Highest Listing Price	Average Days On Market
Taos County	367	\$350,000	\$237	\$14,500	\$3,600,000	134
Town of Taos	320	\$375,000	\$245	\$25,000	\$3,600,000	113
Ranchos De Taos	117	\$332,000	\$210	\$18,900	\$2,600,000	176
El Prado	79	\$325,000	\$228	\$21,000	\$837,500	152
Arroyo Seco	43	\$624,000	\$201	\$59,900	\$2,000,000	N/A
Arroyo Hondo	26	\$422,000	\$197	\$49,900	\$880,000	N/A
Taos Ski Valley	37	\$397,000	\$411	\$125,000	\$2,500,000	183
Questa	55	\$225,000	\$159	\$12,000	\$2,900,000	N/A
Red River	56	\$220,000	\$162	\$14,500	\$1,200,000	221
Penasco	12	N/A	N/A	N/A	N/A	N/A

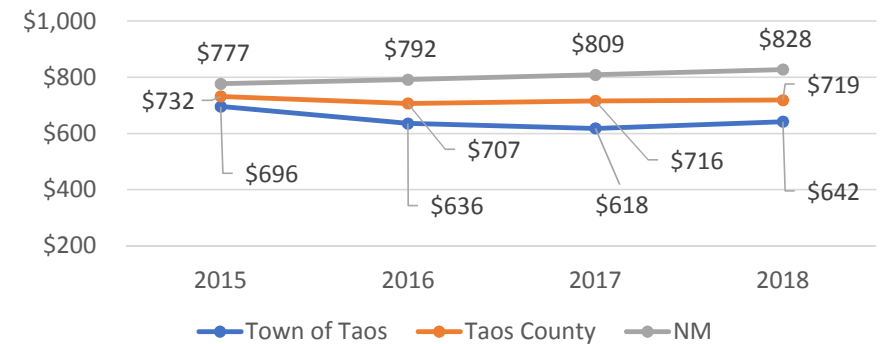
Median Rents

2020 HUD Fair Market Rents (FMRs) for Taos County are \$722 and \$727 for efficiencies and one bedrooms and increase considerably to \$875 for two bedrooms and \$1,090 for three bedrooms. For the smaller units, these FMRs are line with the American Community Survey average rent of \$719 in Taos County.

According to MFA’s annual rental survey, rents for apartments of five units or more were in the \$500-\$600 range between 2015 and 2019 with the exception of an outlier year in 2017. These rents seem very low and are influenced by the fact that most apartments in Taos are Low-Income Housing Tax Credit (LIHTC) projects, USDA 515 properties or public housing, all of which have rent ceilings to accommodate low-income residents. LIHTC rents are \$618 for two-bedroom units; public housing rents can be substantially lower.

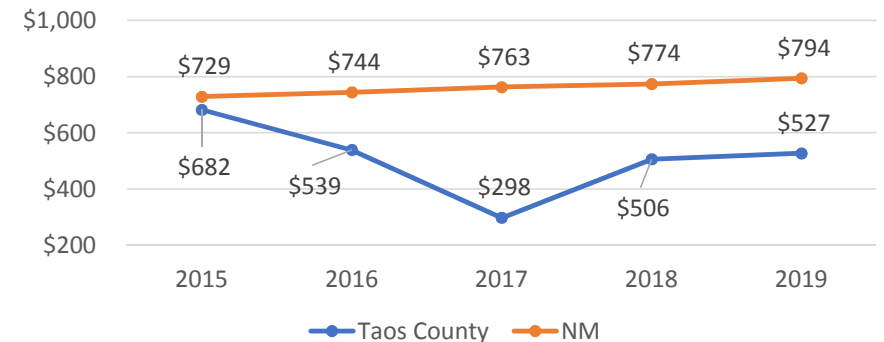
It should be noted that the majority of rentals in Taos County and the Town of Taos are single family homes and mobile homes which are typically larger than apartments. This is true for 73% (2,162 of 2,969) of rental units in the County and 53% (644 of 1,212) of rental units in the Town. Owners of these properties may charge whatever rent the market allows, which varies based on the size, location, age and condition of the property. Service providers in the Taos area report \$1,000 to \$1,200 as common rents when searching for housing options in the community. Taos County reports that rents in the Town are \$1,000 or more, while homes in rural areas like Questa and Peñasco can be rented for \$700 or \$800 per month. The fact that some potential Section 8 tenants have difficulty finding housing that meets the fair market rents indicates that many rental homes are priced above \$1,100 per month.

Figure 28: Median Gross Rents



Source: ACS 2018 5-Year Estimates

Figure 29: Average Rents



Source: MFA Rental Survey

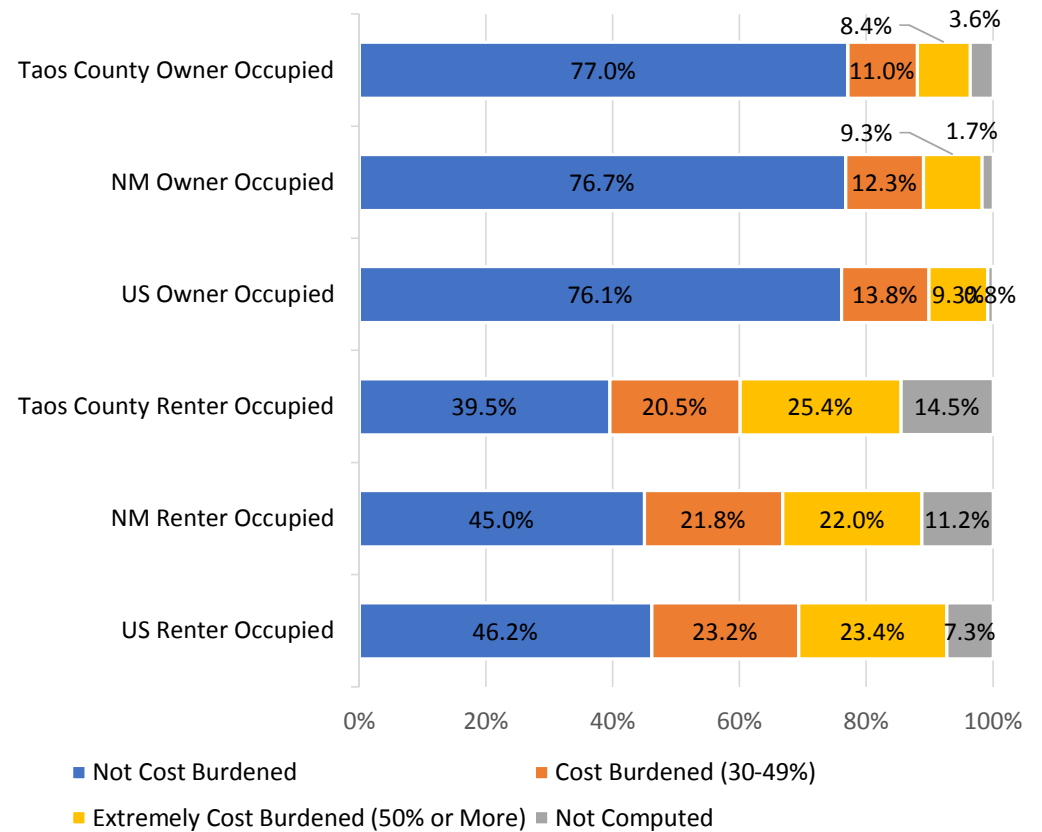
Cost Burden

Cost burden describes households that pay more than 30% of income in housing costs. Households paying more than 50% of income in housing costs are considered extremely cost burdened.

Taos County has lower rates of cost burdened and extremely cost burdened homeowners than New Mexico. This is likely due to a high percentage of homeowners in Taos County without a mortgage, many of whom became homeowners through family inheritance. Nineteen percent of County homeowner households are cost burdened compared to 22% in New Mexico.

For renters, Taos County has a higher rate of cost burden than New Mexico. For households paying between 30% and 49% of income on rent, the percentage is lower than the state. However, for extremely cost-burdened renters paying more than 50% of income for rent, the percentage is higher. Forty six percent of Taos County renter households are cost burdened, compared to 44% in New Mexico.

Figure 30: Cost Burden



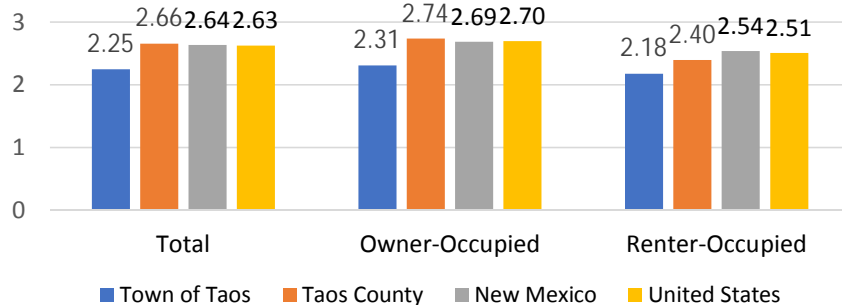
Source: ACS 2018 5-Year Estimates

Overcrowded Households

According to the HUD and American Community Survey definitions, overcrowded households are those occupied by more than one person per room and severely crowded households are with more than 1.5 people per room. Overall and for homeowner and renter households alike, Taos County households are less overcrowded than similar households in New Mexico and the U.S. For all geographies, renter households have a far greater propensity to be overcrowded than homeowner households.

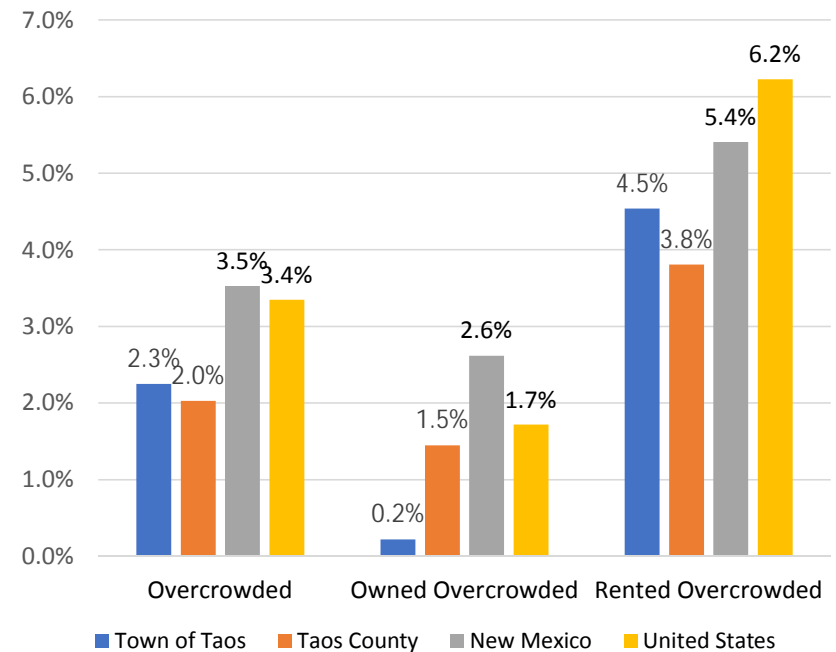
Taos County's average household size is 2.66 people, which is nearly identical to the state average of 2.64.

Figure 31: Average Household Size by Tenure



Source: ACS 2018 5-Year Estimates

Figure 32: Overcrowded Households by Tenure

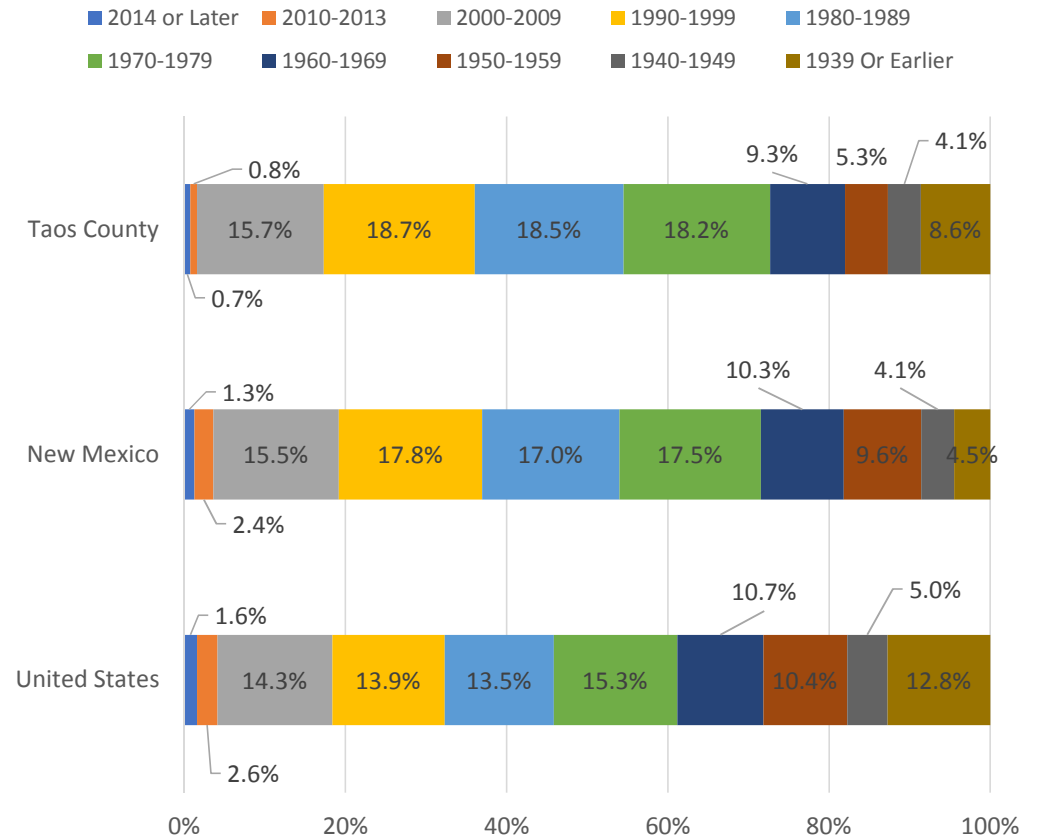


Source: ACS 2018 5-Year Estimates

Age of Housing

Between 1960 and 2000, the percent of homes built each decade is very similar in Taos County and in New Mexico. However, Taos County has a higher percentage of homes built before 1940 (nine percent vs. five percent) and a lower percentage of homes built in 2010 or later (two percent vs. four percent). Therefore, the County has less recent development and more older homes than New Mexico overall. Also, the County also has a lower percentage of homes built in the 1950s than New Mexico (five percent vs. 10 percent).

Figure 33: Age of Occupied Housing



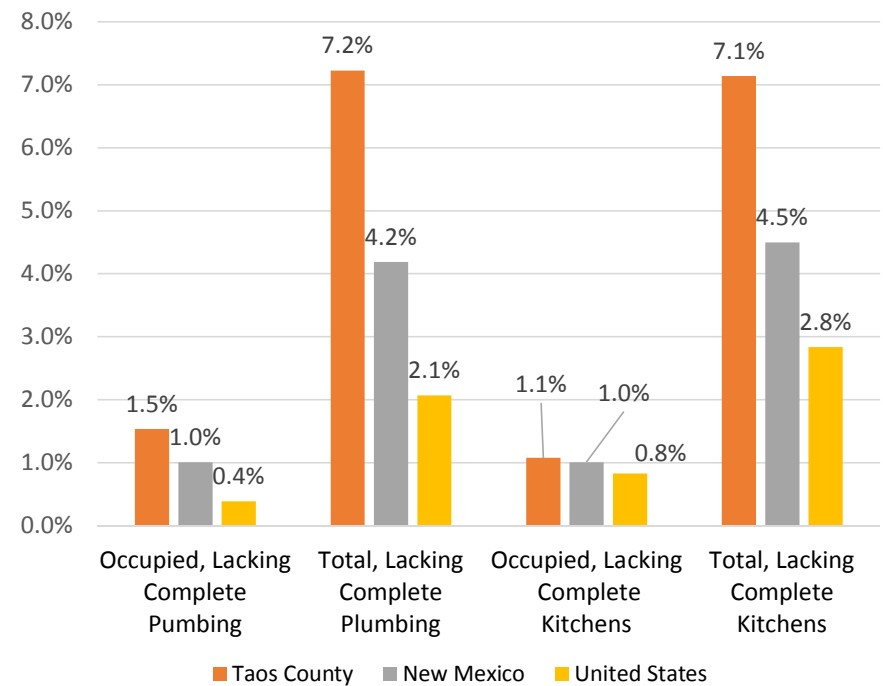
Source: ACS 2018 5-Year Estimates

Housing Condition Issues

Historically, HUD has measured the percentage of housing units with condition issues by those that lack complete plumbing and/or kitchens. This percentage has steadily declined in the U.S. to become almost meaningless. However, in some areas of the country, there are still many housing units that fall into these categories.

For housing units lacking complete plumbing and complete kitchens, Taos County's rate is slightly higher than state and national averages for occupied housing. However, the percentage rise considerably for total housing units, when vacant units are included.

Figure 34: Special Housing Conditions



Source: ACS 2018 5-Year Estimates

II. Land Use and Policy Review

Introduction

This section analyzes land use regulations and makes recommendations to enable Taos County and the Village of Questa to increase publicly-driven affordable housing efforts and encourage the private sector to produce more housing that is affordable to households of various income levels.

In many cities and town across America, zoning and land-use regulations act as barriers to affordable housing creation. Single-use zoning, setback and residential density requirements, parking restrictions and height restrictions can make developing multi-family affordable housing a difficult task. Furthermore, non-conforming uses must often go through a lengthy and expensive special permitting process if the proposed development falls outside permitted uses and development restrictions. Many communities are working to ease existing land use regulations across the board or for targeted areas and sites, “up zoning” (lowering restrictions) or implementing measures to allow for gentle densification such as Accessory Dwelling Units (ADUs). While these are good strategies to consider, it should be noted that changes to zoning and development standards will not necessarily increase affordable housing development in Taos’ high-cost housing market. Permanent affordability protections are needed to ensure long-term affordability or new development will almost certainly be built for higher incomes or converted to short-term rentals.

Figure 35: Land Use Codes and Planning Documents

- County of Taos Land Use Regulations
- Zoning Ordinance of the Village of Questa

Taos County

Land Ownership and Jurisdictions

Taos County consists of 2,204 square miles of which private land makes up only 31%. Half of Taos County is owned by the federal government, including significant acreage held by the Bureau of Land Management and the U.S. Forest Service, which oversees the Carson National Forest and its wilderness areas. Tribal land includes Taos Pueblo and Picuris Pueblo. There are four incorporated communities in Taos County—the Town of Taos, the Village of Taos Ski Valley, the Village Questa and the Village of Red River.

Unincorporated Taos County is complex. It includes many traditional Hispanic villages that border the Town of Taos, such as Llano Quemado, Ranchitos, Ranchos de Taos, Talpa, Los Cordovas and El Prado. Other traditional villages within the unincorporated area lie within 20-40 minutes of the Town. These include Peñasco, Ojo Sarco, Vadito, and Pilar to the south and Arroyo Hondo, Arroyo Seco, Valdez, San Cristobal Amalia, Costilla and Cerro to the north. Parts of these unincorporated communities are rather densely populated because they were built around central plazas for protection as well as for economic and social cooperation. They historically lacked public infrastructure and rely on a combination of individual wells, septic tanks and/or community water and sanitation districts. As families have divided land among their children, lots in many of these communities have become increasingly small and the need to extend public infrastructure has increased.

The counter cultural and social movements of the 1960s and 1970s resulted in settlements on the mesas west of Taos. Some of these settlements have evolved into more formal and conventional neighborhoods. At the same time, off-the-grid and Earthship living has continued near the Rio Grande Gorge and in the communities of Carson and Lama. In addition, Taos County is home to four ski areas—Taos Ski Valley, Red River Ski Area, Sipapu and the Enchanted Forest Cross Country Ski Area, all of which have varying degrees of infrastructure and residential and commercial development which support them. Taos County has the difficult task of regulating this diverse group of communities.

Taos County

Land Use and Zoning

Most privately-owned land in Taos County falls within the “County Rural Area Zone.” This zone allows single family homes and manufactured homes as permitted uses that can be approved by the Planning Director subject to compliance with building codes, state environmental regulations and development standards. Development standards for Residential Zoning include a maximum height of 27 feet, lot coverage of 60%, and setbacks of 20 feet (front) and 10 feet (side and rear). Residential development in this zone must follow New Mexico Environment Department regulations which mandate .75 acres for individual wastewater systems. If residences are connected to a community wastewater system, the minimum lot size is reduced to .25 acres.

Other uses, such as multi-family, commercial and industrial, can also be approved administratively if they are a continuation or up to a 25% expansion of a non-conforming use. This means the use would have been in effect before adoption of Land Use Regulations and not abandoned for more than a year. Non-conforming public facilities and recreation uses can also be approved administratively through a Commercial Zoning Clearance Permit. These include including airports/heliports, firehouses, schools, libraries, churches, parks and cemeteries .

Outside of the allowance for non-conforming uses, any new multi-family or condo development with more than three units requires a Special Use Zoning Permit, which includes a public hearing and approval by the Planning Commission. A large-scale development requires a Major Development Zoning Permit, which includes two public hearings and approvals by the Planning Commission and Board of County Commissioners.

There are three overlay zones within the County of Taos Land Use Regulations. Two of the zones, Community and Neighborhood, can be proposed by communities or neighborhood associations. Flexible development standards and uses other than residential can be designated and will be reflected on the official zoning map. To date, Taos County has approved two of these zones: the Upper Colonias Neighborhood Zone and the Stagecoach Neighborhood Zone. Zoning in these overlays is specific and differs from the County Rural Area Zone.

Taos County

The third overlay zone is the Planned Unit Development or PUD Zone. The PUD is intended to offer flexibility for development standards and a variety of land uses in exchange for innovative land use and design, preservation of open space and natural areas and architecture and development that reflects traditional elements. The PUD zone offers a density bonus for preservation of 30% open space or more. New land uses require a change to the underlying zoning, which is reflected on the official zoning map. The overlay zones require two public hearings and approvals from the Planning Commission and Board of County Commissioners.

Subdivision Regulations

Taos County is in the process of revising its subdivision regulations. The revision is intended to achieve several purposes, including closing loopholes and making land more affordable.

The revision proposes to change the two-acre minimum lot size in a subdivision to one acre. This is intended to encourage lot consolidations of small, non-conforming lots, many of which exist on the western edge of the county and do not have the infrastructure to support individual homes. This change is also estimated to make land more affordable for residential development. The Taos County Planning Department estimates that land costs could fall from \$120,000 to \$130,000 per lot to \$60,000 to \$70,000 or less in the case of .25 acre lots that are allowed with community water and wastewater.

The other significant proposed change is to place a waiting period on land that is subdivided through the family transfer exemption. Currently, family land can be subdivided without going through the formal subdivision process. This loophole is being abused in that some family members who receive a piece of land created through the exemption immediately re-divide the land and sell lots on the private market. The proposed waiting period will require a property owner to wait five years before dividing the land further after each family land transfer.

Taos County

Tiny Homes

The Taos County Commission has expressed an interest in tiny homes as an affordable housing solution. The County's current land use code does not regulate tiny homes per se; however, like any other home, tiny homes would require a residential building permit and would need to follow New Mexico Environment Department wastewater regulations, which require .75 acres for an individual wastewater system. Therefore, consideration of tiny homes should follow the same path as multi-family development which would be best sited within a PUD, areas served by water and sanitation districts or within incorporated municipalities within the county.

Barriers to Affordable Housing

For affordable housing, the most basic best practice for land use regulation and zoning is to ensure that multi-family development is allowed "as-of-right" in a variety of locations. There are several reasons for this. First, affordable housing projects are placed at a severe disadvantage when they are required to go through a public hearing process where they are often faced with "not-in-my-backyard" opposition. Second, requiring multi-family development to undergo a more lengthy and expensive approval process drives up the cost of the development, which is antithetical to creating affordable housing. And third, ensuring a variety of locations is important so that lower-income housing is not segregated in one area but is dispersed throughout the community. This provides upward mobility by exposing lower-income residents to neighborhoods with diverse school and job choices.

In a rural county like Taos, there are several barriers to zoning areas for multi-family development:

- Inadequate infrastructure to support multi-unit developments in most locations.
- Likely community opposition if the Land Use Regulations were changed to allow new multi-family as permitted in specific areas, given the grass roots process through which communities and neighborhood associations can propose their own zoning.
- Unlikelihood of Planned Unit Development (PUD) proposals, given that x have been submitted for approval in the last x years. PUDs are the zone most friendly to affordable housing and provide density bonuses in exchange for open space preservation which could be useful for affordable housing development.

Taos County

Recommendations

- **Allow affordable multi-family housing through an administrative permit.** Taos County could allow all multi-family housing or preferably, affordable multi-family housing, to be approved administratively rather than through a Special Use Zoning Permit. The same development standards would apply but a public hearing would not be required. This will reduce barriers to development for fourplexes or small apartment complexes, in addition to duplexes and triplexes which can currently be approved administratively. Because infrastructure is not widely available in the County, there is no risk of large-scale development that would be out of character. The only two water and sanitation districts that would be capable of supporting higher densities are located in El Prado and Ranchos de Taos/Talpa, both of which are adjacent to the Town of Taos and are more densely populated than most other areas of the county.
- **Partner with water and sanitation districts to identify and develop sites for affordable housing.** The County can be strategic in working with the El Valle de Los Ranchos and El Prado water and sanitation districts to identify sites where higher density development would be most successful. Characteristics of these sites include proximity to water and sanitation district infrastructure, single or uncomplicated land ownership and lots of three acres or more that are flat and well-drained. Some of these sites may be owned, adjacent or attractive to employers who need housing for their workforce. The County can participate in planning activities with the water and sanitation districts, assist with resource development and lobbying for funding to extend infrastructure, and even share equipment and personnel to install the infrastructure. These sites would be ideal candidates for the PUD Overlay Zone, which is the County's best tool for affordable housing development.

Village of Questa

Land Use and Zoning

The Village of Questa’s Zoning Ordinance was adopted in 1973. As a result, the Ordinance is not current with all relevant codes and regulations. In these instances, the Village ensures compliance with state law and building codes and works to meet the intent of its zoning ordinance to the extent possible. The Village of Questa plans to update its ordinance in the near future.

The Zoning Ordinance has several distinct zoning districts; however, only ARO, R-1, B-1 and B-2 zones appear on the zoning map. The industrial zones do not appear to exist on the ground at all, but other zones not on the map such as Multi-Family Residential (RM-1) have their uses permitted in other mapped zoning districts. This results in multi-family dwellings permitted in more zones than single-family homes. While there is no reference to accessory dwelling units (ADUs), it is conceivable that ADUs could also be permitted through special exception.

Figure 36: Land Uses by Zone

Description	Zone	Single-Family	Multi-Family	Mfg. Home
Agriculture, Recreation & Open Space District	ARO			SE
Rural Residential	RR	PU	PU	SE
Residential	R-1	PU	PU	SE
Residential	R-2	PU	PU	SE
Multi-Family Residential	RM-1		PU	SE
Business District	B-1		PU	SE
General and Highway-Serving District	B-2		PU	
Light Industrial	L-1			
Heavy Industrial	H-1			

PU= Permitted Use SE=Special Exception

Village of Questa

Development Standards

Development standards in the Village of Questa are stringent in that they require large setbacks and lots sizes that exceed those required by state law for individual wells and septic systems. Height limits are 35 feet, which is more generous than in Taos. Parking requirements vary by use but are 1.5 spaces per dwelling unit for multi-family dwellings.

The Multi-Family Residential District appears to have an appropriate lot size and flexible development standards. However, because RM-1 does not appear on the zoning map, it is unclear if the development standards of the underlying zone apply or if the RM-1 standards supercede. Multi-family development can also be approved as a Planned Unit Development (PUD) zone, which is intended for large scale single or mixed -use development. However, PUDs appear to require both Planning Commission and Village Council approval, which implies at least two public hearings and a stringent review process. Apparently, business development in the B-1 zone assumes that a PUD would be submitted, since some development standards refer to the standards approved through the PUD.

Figure 37: Development Standards

Description	Zone	Minimum Lot Size	Minimum Lot Width	Setbacks (front, side, rear)	Maximum Lot Coverage
Agriculture, Rec. & Open Space District	ARO	2 acres	-	-	-
Rural Residential	RR	2.5 acres	200 ft	35, 15, 35	-
Residential	R-1	2.5 acres	100 ft	25, 10, 25	30%
Residential	R-2	6,000 sf 4,000 sf/unit	60 ft	25, 8, 25	
Multi-Family Residential	RM-1	6,000 sf 4,000 sf/unit	-	-	-
Business District	B-1	PUD	PUD	35 feet from road	PUD
General & Highway-Serving District	B-2	1 acre	100 ft	35, 10, 25	30%
Light Industrial	L-1	1 acre	100 ft	50, 15, 25	30%
Heavy Industrial	H-1	A acre	100 ft	50, 15, 25	30%

Village of Questa

Figure 38: Zoning Map

Recommendations

- Update Zoning Ordinance. The most obvious recommendation for Questa's Zoning Ordinance is that it be updated to align with today's standards and codes and reflect current conditions with the village. Zoning districts should be evaluated so that areas served by water and wastewater allow higher-density and higher-intensity uses.
- Relax Development Standards. Development standards should be revisited, with particular emphasis on decreasing setbacks and parking requirements. Front and rear setbacks can be reduced for multi-family housing in all zones where that use is allowed. Additionally, parking requirements for multi-family should be reduced from 1.5 spaces per unit to 1.0 space per unit.

III. Housing Needs Assessment

The Housing Needs Assessment analyzes Community and Housing Profile and additional data to recommend specific targets for new affordable housing construction and rehabilitation. Targets are estimated for each component of the housing continuum.

For segments of the continuum where complete or near complete data exists, estimates are based on the number of households in that segment minus the amount of housing available and affordable for that segment. Growth and overcrowding are also taken into account. This Plan conservatively estimates growth at 3.5%, which is roughly half of the Town's five-year growth rate. For some segments of the continuum, complete data is not available. In these cases, estimates are made based on available information. A narrative explanation of the methodology for each segment is provided in this section.

Please note that the housing targets in Figure 40 are based on need throughout Taos County. It is assumed that most multi-family rental and small-lot starter home development would occur within the Town of Taos due to the need for infrastructure. Sites adjacent to town boundaries that could be annexed and served by Town infrastructure are also options for this type of development. In areas where water and wastewater is not available, lower density options are recommended.

While this Plan takes the primary approach of locating higher-intensity housing uses within the Town, it is important to have different types of housing available at different price points throughout the County, as well. For this reason, this Plan distributes housing targets, where appropriate, on a proportional basis. For example, for most categories of rental housing, this Plan uses 70% for the Town of Taos; 18% for northern Taos County including Questa and 12% for the rest of the county, which reflects the distribution of population shown in Figure 39. By allocating housing targets by these percentages, housing needs in the rural areas can be addressed.

Figure 39: Population by Zip Code in Taos County

Northern Taos County		
87512 - Amalia	63	0.19%
87519 - Cerro	482	1.43%
87524 - Costilla	92	0.27%
87556 - Questa	2,378	7.06%
87558 - Red River	439	1.30%
87564 - San Cristobal	284	0.84%
87513 - Arroyo Hondo	801	2.38%
87514 - Arroyo Seco	866	2.57%
87525 - Taos Ski Valley	95	0.28%
87580 - Valdez	466	1.38%
	5,966	17.72%

Figure 39 shows Taos County’s population broken down by zip code. Zip codes are used as the most complete data source because American Community Survey does not recognize many communities as census designated places. However, due to the use of zip codes, the total population is slightly different from the American Community Survey 2018 population of 32,888.

Town of Taos and Adjacent Zip Codes		
87571 - Taos	12,132	36.04%
87529 - El Prado	4,637	13.78%
87557 - Ranchos de Taos	6,399	19.01%
	23,168	68.83%
Southern Taos County—Peñasco Area		
87553 - Peñasco	1,469	4.36%
87521 - Chamisal	835	2.48%
87579 - Vadito	888	2.64%
87543 - Llano	85	0.25%
	3,277	10.87%
Western Taos County		
87577 - Tres Piedras	385	1.14%
87517 - Carson	346	1.03%
87549 - Ojo Caliente	518	1.54%
	1,249	3.71%
Total Population	33,660	100.00%

III. Housing Needs Assessment

Figure 40: Taos County Housing Needs (in units)	Current HH	Plus Growth	Plus Overcrowding	Total Need	Minus Supply	Total Unmet Need	Town of Taos	Taos County	Northern County	Southern County
Homeless & Special Needs										
Emergency Shelter						50	50			
Affordable Housing						70	70			
Renters—30% AMI & below	865	30	74	969	544	425	298	127	77	50
Renters—30%-60% AMI	828	29	65	922	414	508	356	152	91	61
Renters—60%-80% AMI	377	13	-	390	Unknown	195	137	58	35	23
Renters—80%-120% AMI	386	14	-	400	Unknown	200	140	60	36	24
First Time Homebuyers	128	5	46	146	15	164	164			
Home Rehabilitation						500	65	435		

*Overcrowded Households: This Plan uses the number of overcrowded households as a proxy measure for young people who are living with families because they cannot afford to live on their own. Because some households are overcrowded by choice or because they are caring for dependents, this plan assumes that demand for new housing should address only 75% of the overcrowded households. The total number of overcrowded households in Taos County is 246 (113 are renters and 133 are homeowners), and 75% of these households is 185.

Given that these individuals are assumed to be living at home because they cannot afford their own homes, it is more likely that they would rent rather than buy, although some may qualify for homeownership. Therefore, the number of 185 overcrowded households is distributed 75% to new rental households (139) and 25% to new homeowner households (46). The 139 renter households are divided proportionally between 30% AMI and 60% AMI households and between the Town of Taos (70%) and Taos County (30%). The 46 homeowner households are also divided between proportionally between the Town of Taos and Taos County.

Homelessness

The New Mexico Coalition to End Homelessness conducts an annual Point in Time (PIT) Count in January and on odd numbered years they physically count the number of sheltered and unsheltered homeless people in each county of New Mexico. Local point in time counts feed into a national baseline.

It is commonly understood that point in time counts are underestimates, as they only count the number of people in shelters and on the streets. PIT counts do not include individuals who are house surfing or those that would otherwise be included in HUD's broader definition of homelessness, which includes those that are housed unstably, are doubling-up or staying in motels/hotels.

While it is true that the majority of New Mexico's homeless population is clustered in metropolitan areas like Bernalillo County, many smaller communities are experiencing increases in their homeless populations. According to the PIT count, Taos County had a small homeless population through 2015. However, these numbers doubled in January 2017 and doubled again in January 2019, reaching a high of 100.

It should be emphasized that the need for homeless services is sometimes invisible in smaller communities like Taos. While there are fewer homeless individuals on the street like in larger cities, many are living in unsafe situations and conditions because they have nowhere else to go. In Taos, this situation is exacerbated by the high cost of housing. In addition, domestic violence, child abuse, alcohol and drug addiction contribute to the problem and services in those areas are also needed to ensure a comprehensive approach.

Figure 41: Homelessness in Taos County

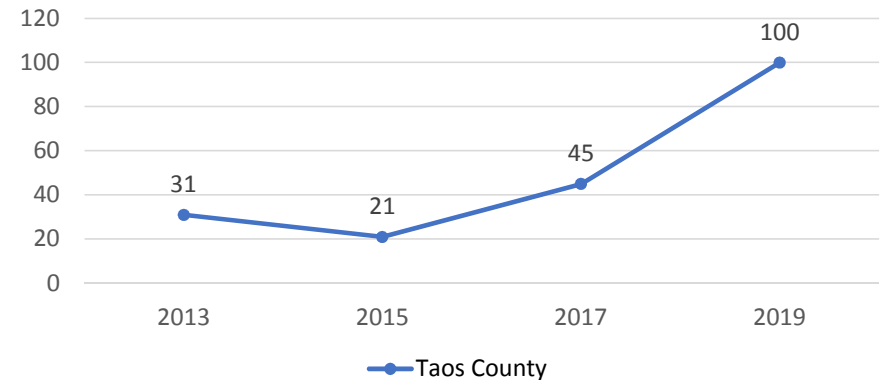
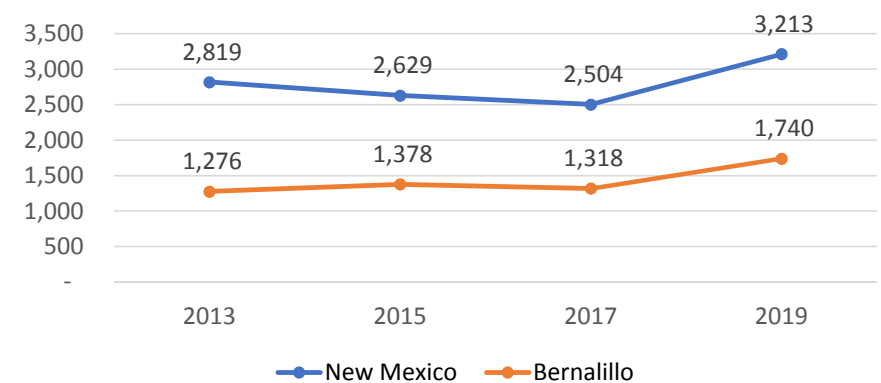


Figure 42: Homelessness in New Mexico



Source: NM Coalition to End Homelessness Point in Time Counts, 2013-2019

Homeless Services

Taos is served by dedicated providers working to address the needs of persons experiencing homelessness. Needs are unique for various groups, including homeless men, veterans and women and children, and many the latter are fleeing domestic violence. These providers formed a State of Homelessness in Taos Collaborative coalition in 2018 which continues to collaborate and share referrals to best serve individuals experiencing homelessness.

The following is a list of providers and services in Taos County. All providers are located in the Town of Taos.

- Taos Men's Shelter is an emergency homeless shelter with 18 beds for men. The shelter is owned and operated by the Taos Coalition to End Homelessness. In addition to the emergency shelter, they offer food, laundry, showers, peer support, and case management services for homeless men year-round. The shelter is always at capacity and roughly twice the number of beds are needed to address current needs.
- Community Against Violence is a domestic violence shelter for women and children. It has five beds on site, as well as an additional 26 beds within 11 homes in the community. Additionally, they offer legal and medical advocacy services, counseling, support groups, children's programs, and community prevention and outreach programs for survivors of domestic and sexual violence.
- Heart House provides emergency and transitional housing and case management services for up to 15 women and children. Recently opened in 2019, the house is typically at capacity and aims to support women and children facing homelessness with housing stabilization.
- DreamTree Project offers emergency teen shelter and transitional housing and resources for youth ages 12-17 in Taos, Rio Arriba, Mora, Colfax and Union counties. The shelter has eight beds and is expanding to 12. For transitional housing, DreamTree has eight beds onsite, as well as 24 beds for nine households offsite. In addition, DreamTree uses Rapid Rehousing vouchers to house an additional 10 households in the private market.

Demand for Homeless Housing and Services

There is a consensus among the State of Homelessness in Taos Collaborative that an additional 50 beds are needed for emergency shelter. This is a combined estimate based upon consistent overflow at the Taos Men's, Community Against Violence and Heart House shelters. It also includes homeless veterans who are discussed on page 41. Because the capacity for new emergency shelter beds is limited, this Plan recommends using affordable housing donations of private homes or apartments to create beds and housing units in the community.

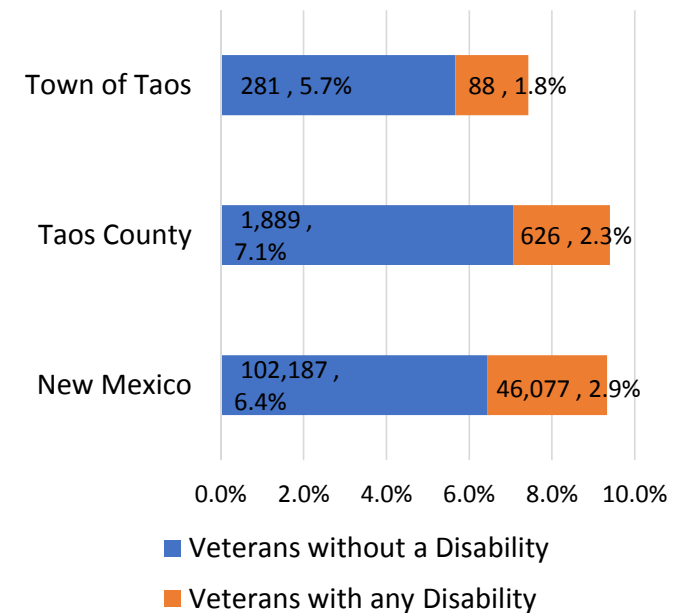
There is a great need for affordable rental housing which individuals exiting homelessness can move into permanently. Without this option, individuals may become stuck in the cycle of homelessness even though they are ready and able to be housed. The State of Homelessness in Taos Collaborative estimates the need for this type of housing to be 70 units. The Collaborative is actively working on a LIHTC application to build 40 of those units in the immediate future. Creating a housing pipeline by which individuals can exit homelessness will likely decrease the need for transitional housing and emergency shelter. As a result, the goal of permanent affordable housing for people experiencing homelessness is the top priority for homeless service providers.

Veterans Services

The Town of Taos and Taos County have similar rates of veterans and veterans with disabilities as New Mexico. Currently, there are at least three organizations and programs that work with veterans in Taos:

- Not Forgotten Outreach provides military, veterans and their families the opportunity to participate in recreational, therapeutic and/or farming activities to inspire the healing process. They operate farming and sports programs as well as a respite center. Not Forgotten Outreach hopes to build and provide housing to veterans in the form of tiny homes. There is no timetable for these homes to be built but the group is targeting three to four units. Not Forgotten Outreach reports that there is a population of homeless veterans in Taos who are looking for housing.
- Veterans Off Grid: Ryan Timmermans founded this non-profit organization in late 2017. The program provides housing for homeless, struggling and low-income veterans on 50 acres in Carson. The initial purpose was to give veterans the opportunity to live sustainably off the land, create a community and help others. The program hopes to house 50 veterans in duplexes and triplexes, with veterans working to build the housing in exchange for rent. Veterans are currently living off-grid with two yurts, outdoor kitchens and bathrooms. One home and one Earthship are under construction. Because the program is using Earthships, they are having difficulty working with the County on building standards and inspections, as well as with approval of Section 8 vouchers.
- Veterans Upward Bound: UNM Taos offers the Veterans Upward Bound program to help expand access to higher education for veterans. The program provides assistance for GED completion and college admission, short-term refresher courses in core areas, special services in math and science, support services from veterans' agencies and activities to enhance learning outcomes and college success. The program is limited to low-income, honorably discharged veterans who are first-generation college students.

Figure 43: Veterans as a Percent of the Population Older than 18



Special Needs Services in Taos

Special needs populations include those with physical disabilities, mental illness, substance abuse and addictions, as well the elderly, all of whom may need supportive services to succeed. The definition of special needs also includes persons experiencing homelessness. Special needs providers play an important role in serving the Taos community where the percentage of individuals with disabilities is higher than the state average, as shown in Figure 44. The following is a list of special needs providers and services in Taos County and the Town of Taos:

- EnSueños Y Los Angelitos Development Center provides services to children with special needs, adults with intellectual and/or developmental disabilities and their families. Their services include supported living programs, respite services, community support programs, and integrated employment programs.
- Las Cumbres Community Services provides services, public awareness, and integrated community supports for children, adults, and families facing social, emotional, and/or developmental challenges. In Taos they provide infant and early childhood programs, as well as youth and caregiver programs, including a grandparents raising grandchildren program.
- Rio Grande Recovery Center – Taos Detox The Rio Grande Alcoholism Treatment Program is seeking funding to develop a 16-bed residential (nonhospital) detoxification and stabilization site to provide a safe, secure, and supportive environment for those withdrawing from drugs and alcohol. There was previously a detox center in the Town, but it closed in 2015.
- Taos Retirement Village offer independent living for seniors, as well as private duty care for different levels of need and an assisted living program. All services are provided in a community-based setting.
- Taos Living Center a facility that offers skilled nursing care for seniors and rehabilitation services for outpatients and residents. It is located across from the Holy Cross Hospital and has a total of 102 beds and has an outpatient rehabilitation clinic and a specialized Alzheimer’s program.

Persons with Disabilities

Taos County has a higher percentage of persons with disabilities than the state. For individual types of disabilities shown in Figure 45, the rate for the County is always greater than state's rate. The disabilities with the highest rates in the County are ambulatory, hearing and cognitive disabilities.

Figure 44: Percentage of the Noninstitutionalized Population with Any Disability

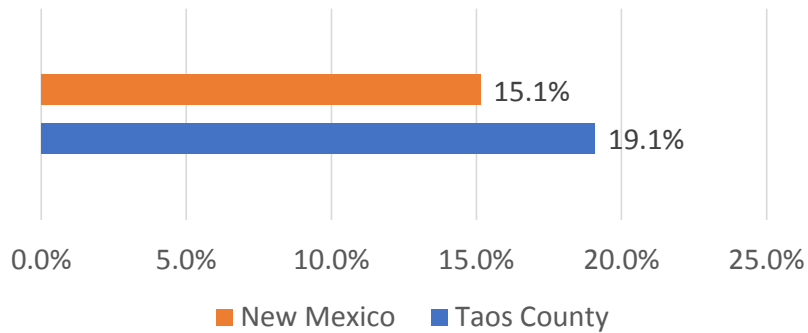
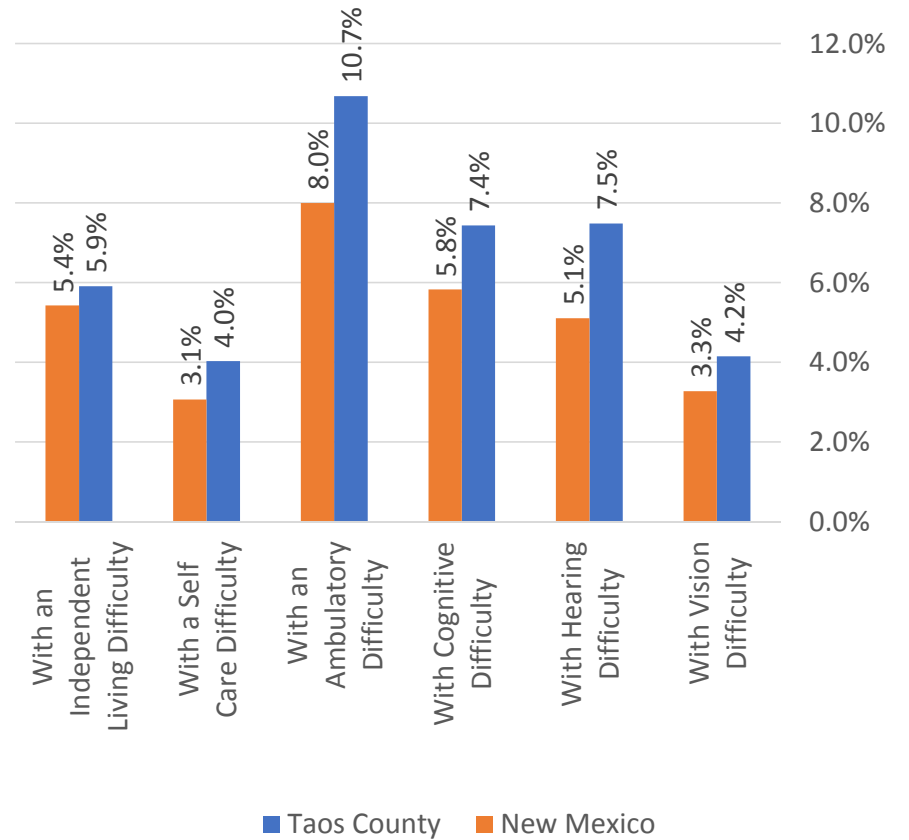


Figure 45: Percent of the Noninstitutionalized Population with Specific Disabilities



Low-Income Eligibility

The U.S. Department of Housing and Urban Development (HUD) uses a standard of “Area Median Income” to determine which households qualify for HUD funding and programs. These limits are estimated by county and are updated each year. The limits sometimes differ among HUD programs, such as HOME and Section 8, and with other federal affordable housing programs, such as the Low-Income Housing Tax Credit (LIHTC) program which is administered by the U.S. Treasury Department. When HUD uses AMI to set income, rent and purchase price limits, the basic principle of households paying 30% of their income for housing costs is applied.

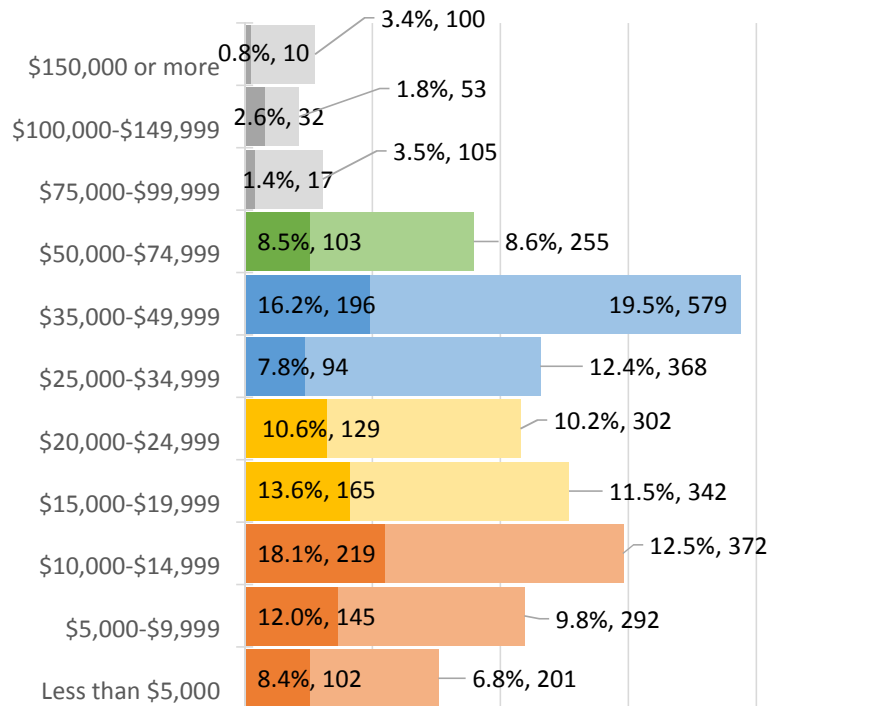
In Figure 46, we have estimated the income ranges for 30%, 60%, 80% and 120% AMI for Taos County by cross-referencing 2020 limits for HUD programs and the LIHTC program. Because AMI corresponds to household size, we used AMI for two and three-person households to match the average household size for Taos County of 2.6 persons.

Figure 46: Income Ranges by AMI

AMI	Description	Income Range
120% AMI	Moderate Income	\$40,000 to \$53,000
80% AMI	Low Income	\$30,000 to \$39,999
60% AMI	LIHTC Income Average	\$15,000 to \$29,999
30% AMI	Extremely Low Income	\$0 to \$14,999

Renters

Figure 47: Town of Taos and Taos County Renter Income Distribution



Source: ACS 2018 5-Year Estimates, 2018 HUD Median Family Income and Income Limits

Figure 48: No. of Renter Households by AMI

AMI	Income Range	Estimated No. of Renter HHS Taos County	Estimated No. of Renter HHS Town of Taos
120%	\$40,000 to \$53,000	417	143
80%	\$30,000 to \$39,999	377	112
60%	\$15,000 to \$29,999	828	341
30%	\$0 to \$14,999	865	466

Because the American Community Survey household income ranges do not match precisely to the AMI ranges established by HUD, we have estimated the number of households in each AMI range in Figure 48.

Renters—30% AMI

Extremely Low-Income Renters

According to the American Community Survey, there are 865 renter households in Taos County who earn less than \$15,000 per year. Less than half or 399 of these households live outside of the Town of Taos. Incomes of \$15,000 or less align with HUD's definition of 30% Area Median Income (AMI), which is considered extremely low income. In all markets, but especially within high-cost Taos County, renters at this income typically cannot find market-rate housing and must rely on subsidies.

The only entities that provide the level of subsidy needed for extremely low-income renters are public housing authorities. In 2014, Taos County transferred its public housing authority into a regional entity known as the Northern Regional Housing Authority (NRHA). Within NRHA, there are five low-rent properties in the Town of Taos, with a total of 118 units and a wait list of 146. Sites in Peñasco and Questa only have 24 and 27 units respectively and each has a waiting list higher than the total number of units available. For all wait lists, efficiencies and one-bedroom units are in high demand.

NRHA also administers approximately 448 vouchers for Section 8 tenants who then use the vouchers to rent in the private market throughout the County. However, NRHA reports that only 375 of those vouchers are currently used. Many renters need one-bedroom units which are in short supply, and when those units are found, they often exceed HUD rent limits. NRHA reports that it is not possible to apply for additional Section 8 vouchers.

The wait list for Section 8 vouchers is 361, 262 for one-bedroom units, 68 for two-bedrooms, 26 for three-bedrooms, four for four-bedrooms and one for five-bedroom units.

Figure 49: Public Housing Sites

Address/Site	Yr. Built	0	1	2	3	4	5	Total
Town of Taos								
134 Cervantes Dr.	1972	-	-	11	8			19
106 Gusdorf Rd.	1972	-	-	2	20	1	-	23
301 Linda Vista	1964	5	10	6	10	-	-	31
525 Ranchitos Rd.	1978	-	11	5	15	3	1	35
Zia Circle Dr.	1972	-	10	-	-	-	-	10
Totals		5	31	24	53	4	1	146
Wait List		117		23	5	1	0	146
Peñasco		-	9	5	7	2	1	24
Wait List		19		6	2			27
Questa		1	11	3	10	1	1	27
Wait List		25		8	2			35

Renters-60% AMI

Very Low-Income Renters

According to the American Community Survey, approximately 828 renter households in Taos County earn between \$15,000 and \$30,000 per year. Roughly 341 of these households are in the Town of Taos. This income range aligns with HUD’s definition of 60% AMI, which is the typical income limit for Low-Income Housing Tax Credit (LIHTC) properties. Fifty percent AMI is considered very low income by HUD.

As shown in Figure 50, there are 414 units priced at 60% AMI currently, and 80 of these (Ochenta) are in the construction phase. Most of these units are in newer properties and all are professionally managed.

The Town of Taos has identified the following sites for additional low-income apartments. In aggregate, projects at these sites would go a long way to addressing the full need for 60% AMI units in Taos.

- Mary Medina Building site on Cruz Alta Road
- Ochenta II site near County complex and Taos High School
- Second half of Chamisa Verde subdivision

Figure 50: Low-Income Apartments

LIHTC* or Low-Income Property	Year Built	Address	Units
Ochenta*	2018	120 Herdner, 812 Gusdorf	80
Tierra Montosa I and II*	1999, 2016	750 Gusdorf, 745 Gusdorf	70
Taos Haus*	2012	918 Gusdorf, 631 Paseo del Pueblo Sur	30
El Cerrito*	2005	250 Paseo del Canon East	61
Loma Parda*	2001	1200 Camino de la Cruz	60
Bella Vista Apartments*	2000	110 Otono Rd.	40
Cielo Azul (USDA 515)	1996	400 Weimer Rd.	22
Mariposa Apts. (USDA 515)	1980	201 Mariposa Place	51

Demand for Low Income Rentals

30% Area Median Income

Existing Households and Growth: Based on American Community Survey data, there are 865 renter households in Taos County earning 30% AMI and below. Using a growth rate of 3.5% for the next five years (30 households) and adjusting for 74 overcrowded households, the five-year need is estimated at 969.

Supply: Currently, there are 169 low-rent public housing units in the Town of Taos, Peñasco and Questa reserved for this population. In addition, the Northern Regional Housing Authority (NRHA) is utilizing 375 of Section 8 vouchers throughout Taos County, enabling households in this income range to rent on the private market. NRHA estimates that it has 448 vouchers available but cannot use some of them due to the lack of smaller units and rents that do not meet fair market rent limits.

Need: It can therefore be estimated that the housing needs of 544 households are being met, leaving an unmet need 425. This unmet need is distributed 70% to the Town (298), 18% to northern Taos County (77) and 12% (50) to the rest of Taos County.

60% Area Median Income

Existing Households and Growth: Based on American Community Survey data, there are an estimated 828 renter households in Taos County earning between 30% and 60% AMI. Using a growth rate of 3.5% for the next five years (29 households) and adjusting for 65 overcrowded households, the five-year need is estimated at 922.

Supply: Currently, there 334 apartments with fixed rents priced for this income range, as well as 80 units in the pipeline, for a total of 414 units.

Need: It can therefore be estimated that the housing needs of 414 households are being met, leaving an unmet need of 508. This need is distributed 70% to the Town of Taos for roughly 356 units. Ninety-one units are distributed to northern Taos County and 61 units are distributed to southern Taos County.

Workforce Housing Needs

In rural Taos County, there is a need for quality rental housing that is priced appropriately for the local workforce. This Plan considers two primary segments of the workforce: 1) education, health care and government employees, some of whom are recruited from other locales and may need temporary housing and 2) service sector workforce who work in tourism-based businesses including the ski areas, many of whom are seasonal workers. There is concentrated demand for service workers in the villages of Red River and Taos Ski Valley, both of which have ski areas and economies based entirely on tourism. There is demand for education, health care and government employees in Questa and Peñasco, which both have their own school districts and health facilities.

Questa Lodging Project: In 2017, the Village of Red River approached nearby Questa to collaborate on housing needs. Red River's tourism-based economy is strong year-round, with skiing in the winter and outdoor recreation in the summer. Red River has historically found it difficult to house its service sector employees locally. The mayors of both communities saw an opportunity to house these workers in the many vacant homes that exist in Questa. These homes could also provide affordable rentals needed by residents in the Town of Taos and throughout Taos County.

The Questa Lodging Project evolved from these discussions. A key component of Questa's strategy is to retain local property ownership and build the wealth of community members. This makes the Questa Lodging Project completely unique and different from a more traditional acquisition/rehab strategy. It also makes the project more difficult to scale up. Currently operating through an organization called San Antonio de Rio Colorado Historic Preservation, the Questa Lodging Project is entering into four-year leases with the owners of vacant properties. During the four-year period, the Project brings the properties up to code and rehabilitates them with private funding. Once the rehab is complete, the Project leases out the home and pays off the cost of the rehabilitation work. At the end of the four-year period, the property owner can take back the property, lease it out or continue to have it leased through the Questa Lodging Project for a fee. The rehabilitation funds are then reused to fix up another house, similar to a revolving loan fund. The Project is currently working on four homes. Based on the feasibility study completed for the project, an estimate of four to seven homes per year is targeted.

Workforce Housing Needs

It is likely that the Questa Lodging Project can easily rent four to seven homes per year for the foreseeable future. In fact, there is additional workforce demand that the Village of Questa should work to capture through additional affordable housing projects. This demand includes:

- Service workers in the Town of Red River, including ski area employees. Only some of these workers can be accommodated by the Questa Lodging Project.
- Eight hundred seasonal workers at Taos Ski Valley who do not have housing at the ski valley and have difficulty affording housing in the Town.
- Questa school district teachers and administrators, some of whom are recruited each year from other places, such as the Philippines.
- Reclamation contractors working at the Chevron Mine who are expected to need housing for the next decade or so. This group is estimated at 100-150 workers and is somewhat hidden within the housing market because they rent hotel rooms in Taos.

It is recommended that the Village of Questa consider building a larger scale affordable housing development that could be marketed to the reclamation workers and other members of the workforce. One approach would be to bid out the project and ask the reclamation contractors to guarantee rent. This project or Questa's historic Works Progress Administration (WPA) school, presently unoccupied, could also house teachers, health care and public sector workers who need rental housing in Questa.

Renters-80% and 120% AMI

As depicted in Figure 47, roughly half of all renter households fall in the middle-income ranges between 60% and 120% AMI. Many are members of the critical workforce, including hotel and restaurant workers, teachers, doctors, nurses and public safety workers, whose average annual salaries are shown in Figure 51.

Federal affordable housing rental programs have not historically assisted renters earning more than 60% AMI, although the federal Low-Income Housing Tax Credit program recently began to allow mixed incomes up to 80% AMI provided that the average AMI for the property remain at 60%. Nevertheless, most renters earning 60% AMI or above typically rely on the private market for their housing.

Unlike in other communities, it is quite challenging for these households to find housing that is affordable in Taos County. The reasons for this include the mis-match between local incomes and rents and the low availability of rental housing for permanent residents due to competition with short-term rentals. Also, while many of these households earn enough to buy a starter home in most locales, they are priced out of the Taos sales market. Given these conditions, it is highly recommended that the County seek housing solutions to assist renters earning between 60% and 80% AMI, as well as moderate-income renters earning up to \$50,000.

Households earning below 80% AMI are considered low income by HUD. In Taos County, approximately 377 renter households are between 60% and 80% AMI and fall into the income range of \$30,000 to \$39,999. One hundred and twelve of these households are in the Town of Taos. Assuming no more than 30% of income is used for housing costs, renters in this income range could afford rent between \$750 to \$1,000 without utilities factored into the equation.

Figure 51: Average Wage by Industry

Industry	Average Annual Wage Taos County
Accommodations	\$21,476
Food Service	\$17,004
Education	\$34,216
Health Care	\$40,040
Public Admin.	\$46,332

Source: NM Department of Workforce Solutions Quarterly Census of Wages 2018 Preliminary Totals

Households earning between 80% and 120% AMI are considered moderate income by HUD. In Taos County, approximately 417 renter households are between 80% and 120% AMI and fall into the income range of \$40,000 to \$53,000. One hundred and forty-three of these households are in the Town of Taos. Assuming no more than 30% of income is used for housing costs, renters in this income range could afford rent between \$1,000 to \$1,325 without utilities factored into the equation.

Demand for Moderately-Priced & Workforce Rentals

80% Area Median Income

Existing Households and Growth: Based on American Community Survey data, there are an estimated 377 renter households in Taos County earning between 60% and 80% AMI. Using a growth rate of 3.5% for the next five years, the five-year need is estimated at 390.

Supply: Very few market-rate apartments were identified for this Plan. The Town of Taos Planning Department identified Cruz Alta Condos (12 units at 913 Gusdorf Road) as a probable market development because it is owned by a single individual rather than individual condo owners. However, all other apartments appear to be LIHTC or USDA Section 515 properties. Because renters earning more than 60% AMI rent in the private market, it is impossible to tell if enough units affordable for them exist. There are nearly 3,000 rental units in Taos County, but 73% of these rentals are single family and mobile homes where it would be difficult to obtain rent data.

Need: While it is difficult to estimate unmet need in this area, this Plan suggests that Taos focus on meeting 50% of the estimated need for 60-80% AMI renters (195 new units). These units are distributed 70% to the Town of Taos (137), 18% to northern Taos County (35) and 12% to southern Taos County (23). This can be accomplished through a combination of higher income units within LIHTC projects and private sector development.

120% Area Median Income

Existing Households and Growth: Based on American Community Survey data, there are an estimated 417 renter households earning between 80% and 120% AMI. If this number is limited to households earning less than \$50,000 per year, the number of households is 386. Using a growth rate of 3.5% for the next five years, the five-year need is estimated at 400.

Need: While it is difficult to estimate unmet need in this area, this Plan suggests that Taos focus on meeting 50% of the estimated need for renters earning up to \$50,000 per year in the moderate-income category (200 new units). These units are distributed 70% to the Town of Taos (140), 18% to northern Taos County (36) and 12% to southern Taos County (24). This will be accomplished largely through private sector development.

For both 80% and 120% AMI residents, it is important that Taos has quality, affordable rentals for this segment of the population, which makes up much of the current and future workforce for the area.

Homeowners

Figure 52: Town of Taos and Taos County Homeowner Income Distribution

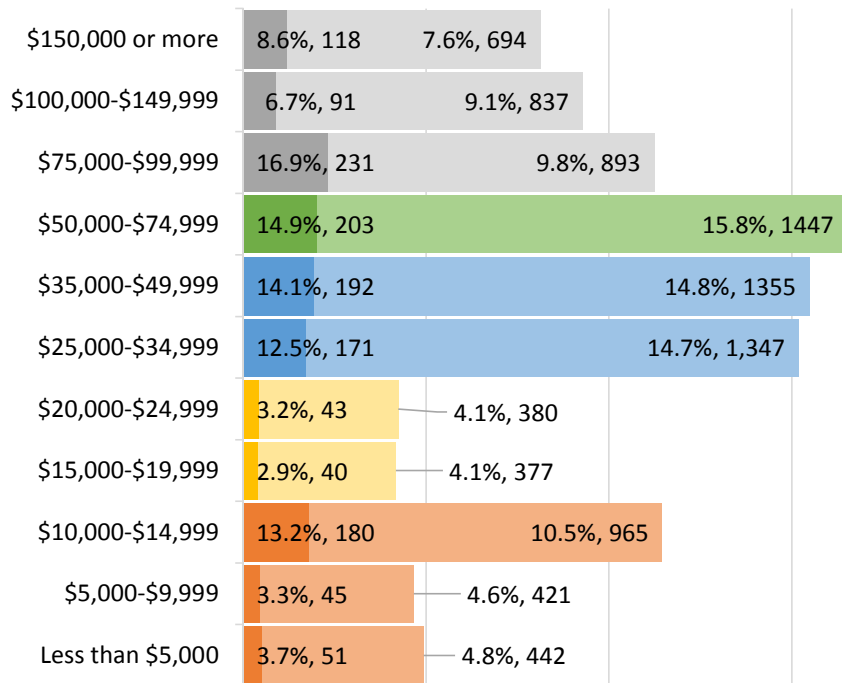


Figure 53: No. of Homeowners Households by AMI

AMI	Income Range	Estimated No. of Homeowner HHS Taos County	Estimated No. of Homeowner HHS Town of Taos
120%	\$40,000 to \$53,000	1,077	152
80%	\$30,000 to \$39,999	1,125	150
60%	\$15,000 to \$29,999	1,430	169
30%	\$0 to \$14,999	1,828	276

Because the American Community Survey household income ranges do not match precisely to the AMI ranges established by HUD, we have estimated the number of households in Figure 53.

Source: ACS 2018 5-Year Estimates, 2018 HUD Median Family Income and Income Limits

Low and Moderate-Income Homeowners

There are more than 4,300 homeowner households in Taos County and nearly 600 in the Town of Taos who are low-income and earn less than \$40,000 per year. More than 40% of these households are extremely low-income, earning less than \$15,000 per year. None of these households would qualify to purchase a home in today's for-sale market. These lower-income homeowners likely inherited or purchased a home or land from family, have owned their homes for a long time or own manufactured homes.

The needs of low and moderate-income homeowners include rehabilitation and energy efficiency improvements, especially for older homes. While it is truly impossible to estimate the unmet need for rehab and home improvements, there are 1,799 homes in Taos County, including 399 in the Town, that were built before 1940. In addition, there are 318 occupied homes in the County, including 17 in the Town, with condition issues, such as the lack of complete plumbing and/or kitchens. From this data, it appears that the County has a much greater need for rehabilitation than the Town; however, ramped up services in this area could benefit both jurisdictions.

Despite the lower number of older homes and homes with condition issues in the Town, the Town of Taos is home to a large senior population for which home rehab is an especially important service. Senior households are overwhelmingly homeowners and most have low or fixed incomes. For example, 89% of 60+ households in Taos County are homeowners compared to 75% for the overall population. Thirty-four percent of senior homeowner households and 71% of senior renter households earn less than \$25,000 per year, compared to 28% of homeowner households and 51% of renter households overall. This makes it difficult for most senior households to finance small home improvements, much less major upgrades. Based on the numbers for pre-1940 homes and low-income senior homeowner households, this Plan conservatively estimates the unmet need for home rehabilitation at 500 units county-wide. If this number is distributed proportionally by the number of single-family occupied homes that are owned, 87% or 435 rehabbed units would be needed in the County and 13% or 65 rehabbed units would be needed in the Town.

Low and Moderate-Income Homeowners

The American Community Survey reports that 1,887 or 16% of all housing units in Taos County, including 197 or 8% of all housing units in the Town, are mobile or manufactured homes that are owned. This number represents 21% of all homes that are owned in Taos County and 14% of all homes that are owned in the Town. For decades, native Taoseños have utilized family land and manufactured housing as a successful affordable housing strategy. However, as land has been divided successively over generations, lot sizes have decreased to the point that they no longer meet minimum lot requirements. Clearly, new strategies are needed to provide affordable homeownership opportunities for Taos' current residents, young families and members of the workforce.

The current median price of a home in Taos County is \$290,000 and a household income of \$72,700 is required for a house at this price. Only about 258 renter households in Taos County, including 59 households in the Town of Taos, are in this income range. It is plausible that some households earning roughly \$60,000 could qualify to purchase a home depending on the number of listings below the median price. This Plan recommends that the Town of Taos target new starter home development for households earning \$50,000 and above. While this would be a big improvement from current conditions, it is simply the norm in most of New Mexico where an income of \$55,000 is sufficient to qualify for a median priced home.

There are currently 255 rental households in Taos County earning between \$50,000 and \$75,000 per year; 103 of these are in the Town of Taos. Ideally, young people or families currently living with family members may also qualify for homeownership at this lower income. This income range is targeted because it is assumed that renters earning more than \$75,000 can qualify for a median-priced home in the current sales market.

Entry-Level Homeownership

Existing Households and Growth: Based on American Community Survey data, there are 255 renter households in Taos County that earn between \$50,000 and \$75,000 per year and would be good candidates for entry-level homeownership. Because many of these households may intend to continue renting or may not qualify for homeownership for reasons such as poor credit, this Plan estimates the demand for single-family starter homes at 50% of eligible renter households or 128. With a five-year growth rate of 3.5%, the demand is estimated at 133.

Overcrowding: This Plan uses the number of overcrowded households as a proxy measure for young people who are living with families because they cannot afford to live on their own. Because some households are overcrowded by choice or because they are caring for dependents, this plan assumes that demand for new housing should address only 75% of the overcrowded households. The total number of overcrowded households in Taos County is 246 (113 are renters and 133 are homeowners), and 75% of these households is 185.

Given that these individuals are living at home because they cannot afford their own home, it is more likely that they would rent rather than buy, although some may qualify for and choose homeownership. Therefore, the number 185 overcrowded households is distributed 75% to new rental households (139) and 25% to new homeowner households (46). Together with the number of households estimated to be eligible for homeownership, the total demand for entry-level homeownership is 179 households. All units are recommended in the Town of Taos due to the need for infrastructure and the recommendation that these units be built in a single land trust development to ensure long-term affordability.

Entry-Level Homeownership

Existing Households and Growth: Based on American Community Survey data, there are 255 renter households in Taos County that earn between \$50,000 and \$75,000 per year and would be good candidates for entry-level homeownership. Because many of these households may intend to continue renting or may not qualify for homeownership for reasons such as poor credit, this Plan estimates the demand for single-family starter homes at 50% of eligible renter households or 128. With a five-year growth rate of 3.5% (five households) and adjusting for 46 overcrowded households, the demand is estimated at 179.

Supply: The Town of Taos has donated 22 lots in Chamisa Verde, an affordable housing subdivision owned by the Town, to Taos Habitat for Humanity for entry level homeownership. The Town reports that Habitat intends to develop two to three lots per year, which would result in a maximum supply of 15 units in five years. This number does not make a substantial dent on the total lack of entry level for-sale housing in Taos.

The Town of Taos has approved two subdivisions at Weimer Road and Paseo del Canyon East that could contribute significantly to the supply of moderately-priced housing. The site plans for the two projects identify workforce housing, senior housing, duplexes and single-family lots. However, other than the single-family lots, it is not clear if units will be sold or rented.

Figure 54: Types of Units in Proposed New Developments

Housing in Weimer/ Paseo del Canon Projects	Units in Project 1	Units in Project 2
Workforce Housing	38	56
Senior Housing	96	-
Live/Work	-	28-40
Duplexes	48	44
Single Family Lots	28	-

There is also no guarantee that the units will be priced moderately or affordably, although the developer has stated this intention. Due to these uncertainties and the fact that subdivision approval is still needed, these projects are not counted toward the pipeline in either rental or entry-level homeownership. However, units should be counted as supply as they come online.

IV. Goals & Objectives

This section provides a realistic list of obtainable goals and objectives for Taos County. Goals and objectives aligned with the housing unit production targets from Section III: Housing Needs Assessment are presented in Figure 56. Descriptions of tools associated with the goals and objectives are described in this section. At right is a list of goals in priority order, with goals that are most attainable or most impactful listed first.

A primary consideration for the Taos County is how it will implement this Affordable Housing Plan. Currently, Taos County and the Town of Taos lack an entity or mechanism to coordinate affordable housing activities. Such an entity is especially important now that both local governments have interrelated Affordable Housing Plans. The Town of Taos has appointed an Affordable Housing Task Force which can serve in this capacity. One possibility is to expand the task force in membership and area to include the County. This would provide a coordinated means to implement goals and objectives from both Plans.

Figure 55: Prioritized Goals and Objectives

1. Develop workforce rentals in Questa and other locations throughout the County. (118 units)
2. Pursue and partner with the Town of Taos on Low-Income Housing Tax Credit and other affordable housing projects. (152 units)
3. Increase the impact of Northern Regional Housing Authority. (152 units)
4. Establish a land trust to develop new starter homes with long-term affordability.
5. Expand the use of current rehabilitation programs and pilot new funding opportunities. (435 units)
6. Support the efforts of the State of Homelessness in Taos Collaborative to provide shelter and permanent housing for people experiencing homelessness.
7. Consider limiting the number of vacation rentals in the County or within a defined radius around the Town of Taos.
8. Consider implementing a real estate transfer tax on high-price sales with proceeds directed to affordable housing.

Housing Need	Taos County Target Units	Figure 56: Goals and Objectives Summary Table
Homeless Emergency Shelter Affordable Housing	- -	<ul style="list-style-type: none"> ➤ Support the efforts of the State of Homelessness in Taos Collaborative to provide shelter and permanent housing for people experiencing homelessness. <ul style="list-style-type: none"> • Encourage donations of homes or apartments to add beds and housing units in the community • Support potential LIHTC project for permanent affordable housing
Rental Housing 30% AMI and below 60% AMI and below 80% AMI and below 80% - 120% AMI	127 152 58 60	<ul style="list-style-type: none"> ➤ Increase the impact of Northern Regional Housing Authority. <ul style="list-style-type: none"> • Participate in and partner with NRHA • Support NRHA efforts to apply for additional rental assistance vouchers • Support NRHA efforts to request a reevaluation of fair market rents from HUD to enable use of all Section 8 vouchers • Partner with NRHA on mixed-income LIHTC projects that produce additional 30% AMI units ➤ Pursue and partner with the Town of Taos on Low-Income Housing Tax Credit and other affordable housing projects. <ul style="list-style-type: none"> • Consider scattered site LIHTC development in areas that can support higher densities. ➤ Develop workforce rentals in Questa and in other locations throughout the County. <ul style="list-style-type: none"> • Continue to rehabilitate and rent homes through the Questa Lodging Project • Engage in partnerships with employers to realize land donations and/or rent guarantees • Encourage private-sector affordable housing by allowing affordable multi-family housing through an administrative permit and partnering with water and sanitation districts to identify and develop affordable housing sites
First-Time Homebuyers	-	<ul style="list-style-type: none"> ➤ Establish a land trust to develop new starter homes with long-term affordability. <ul style="list-style-type: none"> • Work with the Town of Taos to establish or identify an entity to form a Community Land Trust • Consider donation of public property or privately-owned land that can receive the state tax credit
Housing Rehabilitation	435	<ul style="list-style-type: none"> ➤ Expand the use of current rehabilitation programs in Taos County and pilot new funding opportunities. <ul style="list-style-type: none"> • Increase outreach and awareness of existing rehabilitation programs • Design a pilot program with MFA to provide state tax credit vouchers to individuals who donate to home rehab
Public Policy & Financing	-	<ul style="list-style-type: none"> ➤ Consider limiting the number of vacation rentals in the County or within a defined radius around the Town of Taos. ➤ Consider implementing a real estate transfer tax on high-price sales with proceeds directed to affordable housing.

Low Income Renters

30% AMI and Below

As mentioned earlier in this Plan, extremely low-income renters require significant subsidies that are typically only provided by public housing authorities. In Taos, it is extremely fortunate that Northern Regional Housing Authority (NRHA) remains viable and it is a high priority that it remain so given the high percentage of renters in the 30% AMI category. NRHA is the only entity that provides housing specifically for this group of renters and its impact is large, given its 169 low-income units and 448 Section 8 vouchers. Consider that without NRHA resources, more than 600 households in the County would lack housing.

NHRA is undergoing many positive changes. The organization is realizing its intended regional focus through the consolidation of several public housing authorities including Raton, Maxwell, Las Vegas and Grants. NRHA is now led by the experienced director of the Raton and Maxwell authorities, both of which are high performers. The new management is working to stabilize and improve the public housing and voucher programs in Taos and plans to work on new development projects, such as mixed-income LIHTC developments that would produce additional 30% AMI units.

This Plan strongly recommends that the County and the Town of Taos take a direct interest in NRHA operations. This includes participating on the board of directors, helping to recruit/refer qualified candidates for open positions and partnering with NRHA on affordable housing projects and initiatives.

This Plan also recommends that NHRA address the need for additional rental units through a combination new NRHA LIHTC projects that include 30% AMI units and vouchers. The voucher component includes full utilization of existing Section 8 vouchers and applying for additional vouchers through other rental assistance program/s because additional Section 8 vouchers are not a possibility. MFA has reported that it may receive additional rental assistance from both state and federal funds as a result of the Coronavirus pandemic.

If vouchers are funded through state or local funds, such as the Town of Taos Affordable Housing Trust Fund, the County should work to ensure that rent limits are high enough to allow usage of these vouchers within the Taos rental market. For existing Section 8 vouchers, it is recommended that NRHA request a reevaluation of fair market rents for Taos County. Currently, 73 of NRHA's approximately 448 Section 8 vouchers are not utilized in part because renters have difficulty finding properties that rent within the amounts allowed by HUD. A reevaluation may increase rent limits so that the full number of vouchers can be utilized.

Low Income Renters

60% -120% AMI

Taos has a high rate of success with Low-Income Housing Tax Credit projects. The most recent project, Ochenta, included a land trade between the County and the Town and subsequent donation of that land to the project. Support like this has allowed the Town to house nearly half of the renter households at this income level, although an unmet need of 300 units still exists. The Town has already designated several sites for continued LIHTC development. The Town and County should apply for LIHTC allocations as often as possible, given the pressing affordable housing need in Taos.

The federal Consolidated Appropriations Act of 2018 created a new election for new LIHTC projects that allows owners to serve households with incomes up to 80% AMI, so long as the average income/rent limit in the project remains at 60% AMI or less. This change opens the possibility of addressing the need for 80% AMI renter households in future LIHTC developments. This is an especially important development in a place like Taos, where renters earning more than 60% AMI genuinely struggle to find affordable housing in the private market. Further, by using income averaging, a LIHTC development could offset the higher 80% AMI units with lower 30% AMI units, therefore addressing a broad range of need for all low-income renters in Taos. Outside of the Town of Taos, Taos County and/or the Village of Questa could consider sponsoring a single or scattered-site LIHTC project in areas with infrastructure that could support higher densities. Such infrastructure exists in the Village of Questa and may exist in El Prado and Ranchos de Taos/Talpa, although proper zoning would need to be obtained in those areas.

In addition to low-income renters below 80% AMI, even moderate-income renters earning at or near \$50,000 per year are challenged to find rental housing they can afford in Taos County. This plan recommends administrative approval of affordable multi-family housing and partnerships with water and wastewater districts to increase private sector affordable housing development for this segment of the population. However, the number of units this will produce is likely limited and the units could be subject to market-rate conversion if proper regulation and monitoring of rents is not implemented. Therefore, it is recommended that the County prioritize its efforts on employer partnerships to create additional workforce housing. The resulting developments can be stand-alone or can be combined with the LIHTC program in a number of ways.

Low Income Renters

Some creative ways to combine LIHTC and workforce housing development include the following:

- A LIHTC development sponsored by NRHA and located in Questa on one or two sites. The development could include a range of incomes, from 30% AMI (public housing) to 80% AMI (workforce). The development could also include some market-rate units targeted to reclamation workers and the professional workforce (teachers, nurses, etc.).
- A LIHTC development designed through partnerships with one or more employers on one or more different sites. If sited on land owned by employers, water and wastewater infrastructure may already exist to support the development and the employer may be able to receive a tax break through the state Affordable Housing Tax Credit. Again, such a development should include market-rate units to address demand from higher-income professional workers.

Taos County also has a designated Opportunity Zone which includes the western portion of the Village of Questa, the west side of NM 522 and private land along the north side of the Rio Grande Gorge. Most of the area along NM 522 and the Rio Grande Gorge is not well-suited for affordable housing development due to lack of infrastructure and distance to services. However, within the Village of Questa, the Opportunity Zone designation could help attract private investment to an affordable housing project. The Village has identified a large site on the north side of town which is within the Opportunity Zone and adjacent to infrastructure placed in the NM 522 right-of-way. That site could be marketed to investors to realize a LIHTC, workforce or mixed-income housing project or a mixed-use development.

Tool: Developer Partnerships

New Mexico does not have a public private partnership (P3) law or enabling legislation; however P3s for affordable housing are commonly accomplished through the state's Affordable Housing Act, which allows local governments to contribute to affordable housing.

After adoption of an affordable housing plan and ordinance, local governments may release a Request for Proposals or a similar procurement instrument to select a development partner for a Low-Income Housing Tax Credit (LIHTC) or other affordable housing project. The development partner can be a non-profit or for-profit entity. By entering into an agreement with the local government, the developer may receive donations of public land or infrastructure, public dollars, or fee waivers toward the affordable housing project.

This plan makes several recommendations which may require a local government to enter into partnerships with a developer. These recommendations include LIHTC projects and land trust developments for which an entity outside of the local government would receive public donations or support to fulfill their mission.

Tool: Low-Income Housing Tax Credits

The Low-Income Housing Tax Credit (LIHTC) is a federal tax credit created in the Tax Reform Act of 1986 and designed to encourage private sector investment in the new construction, acquisition, and rehabilitation of rental housing affordable to low-income households. Over the last three decades, LIHTCs are responsible for more than two million affordable housing units and represent the most successful affordable rental housing production program in U.S. history.

LIHTCs provide a dollar-for-dollar reduction in a taxpayer's income tax liability in return for making a long-term investment in affordable rental housing. State agencies competitively award tax credits to housing developers, who then sell the credits to private investors in exchange for funding the construction and/or rehabilitation of affordable housing. These funds allow developers to borrow less money and pass through the savings in lower rents for low-income tenants. Investors, in turn, receive a 10-year tax credit based on the cost of constructing or rehabilitating apartments.

The federal Consolidated Appropriations Act of 2018 created a new election for new LIHTC projects that allows owners to serve households with incomes up to 80% AMI, so long as the average income/rent limit in the project remains at 60% AMI or less. This change opens the possibility of addressing the need for 80% AMI renter households in future LIHTC developments, as well as 30% AMI renter households which would ensure the required average of 60% AMI. This is an especially important development in small communities that need to address a variety of incomes and do not have enough demand to build a LIHTC project to scale with 60% AMI units alone.

Source: National Council of State Housing Finance Agencies

Tool: Employer Assisted Housing

Local employers can be important partners in providing housing that is affordable their employees. At the most basic level, employers can refer employees to property owners or realtors so that they may find housing in the community. At the other end of the spectrum, an employer can develop housing for its own workforce, typically on the company campus or other land owned by the employer.

Employers may also have land or buildings that can be donated for more general affordable housing purposes. In New Mexico, private employers that make such a donation or contribute cash to an affordable housing project are eligible for tax breaks through the New Mexico Affordable Tax Credit Act, so long as the individuals who benefit from the housing are low to moderate-income. Also, employers can guarantee rents in new development projects. Such rent guarantees reduce the risk of the project and provide for better financing terms. These employer-assisted housing strategies can be used separately or in combination in the Town of Taos.

First-Time Homebuyers

Other than one to three Habitat for Humanity homes that are constructed each year, there is literally no for-sale housing in Taos County that is affordable to entry level and moderate-income homebuyers. A household income of \$72,000 is needed to qualify for the median home price of \$290,000. This means that only a paltry 12% of renter households—the lowest rate in the state—qualify for homeownership at the median price.

The Town of Taos attempted to address this issue in 2005, when it developed the Chamisa Verde subdivision. However, the lots and homes in the project did not carry long-term affordability restrictions and many have since been sold at market rate prices. This Plan recommends that a Community Land Trust (CLT) be established to develop 50-100 starter homes. The CLT model would ensure long-term affordability and create a stable supply of entry-level homeownership units in Taos.

The actual development could be a combination of single-family residences on small lots, townhomes and attached units. Additional phases can be added to meet demand. Moderately-priced workforce rentals can be included alongside the homeownership units. The Sawmill Community Land Trust in Albuquerque is a good example of this type of development. While Sawmill has also struggled with ensuring long-term affordability, the physical development is very attractive and includes a mix of homeownership and rental units to meet a broad range of community needs.

Properly executed and with affordability ensured, a land trust development could be a catalyst for change in Taos. Currently, there is a bottleneck in the housing market because otherwise eligible homebuyers cannot purchase a home. This keeps prices high due to lack of competition and places additional pressure on rental units, both affordable and market rate. A land trust development could act as a “pressure release valve” for the Taos housing market. The Town could consider some of its potential sites for this purpose or could work with a developer or landowner. A private entity could take advantage of the New Mexico Affordable Housing Tax Credit if he or she donated or wrote down the cost of the land for the project.

While siting of a CLT development would be more appropriate in the Town given infrastructure needs, County support is critical to this effort. County sites adjacent to the Town boundaries which have or can access infrastructure also have potential. While scattered sites could be added to the CLT in the future, only one development is recommended initially to create economies of scale among a modest number of units.

Please refer to pages 68 and 69 for descriptions of Community Land Trusts and the New Mexico Affordable Housing Tax Credit.

Tool: Community Land Trusts

Land trusts are usually non-profit organizations that jointly own land for environmental conservation or affordable housing purposes. Conservation land trusts are already a strong force in Northern New Mexico. Community Land Trusts (CLTs) are less apparent but are an increasingly used model in developing affordable housing in areas battling gentrification, rising cost of living, and displacement. The typical model is that the CLT maintains ownership of the land while the buildings are owned or leased by the residents. This approach prevents the market from driving up the price of housing. When the homeowner sells, the majority of the increased property value goes back to the land trust which assists in maintaining the affordability of the property for future residents.

Communitywealth.org provides four reasons why CLTs are pivotal in building community wealth:

- They provide low and moderate-income people with the opportunity to build equity through homeownership and ensure these residents are not displaced due to land speculation and gentrification.
- Land trust housing also protects owners from downturns because people are not over extended; as a result, foreclosure rates for land trusts have been as much as 90% less than conventional home mortgages.
- Most commonly, at least one third of a land trust's board is composed of community residents, allowing for the possibility of direct, grassroots participation in decision-making and community control of local assets.
- In addition to the development of affordable housing, many land trusts are involved in a range of community-focused initiatives including home ownership education programs, commercial development projects, and community greening efforts.

Currently there are many land trusts operating in New Mexico, most in the conservation arena. In addition to Sawmill Community Land Trust, Mil Abrazos and La Mesa CLT also operate in the Albuquerque area.

Tool: NM Affordable Housing Tax Credits

The New Mexico Affordable Housing Tax Credit Act enables qualifying entities including individuals, businesses and tribes to receive a state tax credit valued at 50% of their contribution to affordable housing. Land is the most common contribution, but cash, buildings and even services are eligible.

The New Mexico Mortgage Finance Authority (MFA) issues the tax credit vouchers. Cash contributions can be made directly to MFA, or a donor can apply to have the project for which the contribution is made certified by MFA as affordable housing. Tax credits may be used to offset New Mexico income tax, gross receipts tax, compensating tax and withholding taxes. Tax credits may be taken over a period of five years and may be transferred or sold. If the contribution is made to a non-profit entity, the donor may also claim the federal and state tax deduction for charitable contributions. For high-worth donors, the Affordable Housing Tax Credit plus the deductions are estimated to be worth 90% of the initial contribution.

The New Mexico Affordable Housing Tax Credit is currently underutilized. The tax credit is not widely understood and many find the value of the credit hard to believe. The tax credit can be a very useful tool especially in communities with large land or property owners who would like to liquidate their assets, communities with vacant or foreclosed homes or buildings that can be repurposed as affordable housing and places where employers would like to contribute to affordable housing.

Tool: Opportunity Zones

The 2017 Tax Cuts and Jobs Act created Opportunity Zones to spur economic development and job creation in distressed communities by providing tax benefits to investors who invest eligible capital into these communities. Taxpayers may defer tax on eligible capital gains by making an investment in a Qualified Opportunity Fund.

Taos County has a single Opportunity Zone (Census Tract 9523) which comprises the western portion of the county, mainly following highway 522 from the Rio Grande Gorge to Colorado border. This Opportunity Zone includes the western portion of the Village of Questa.

There are two Opportunity Zone Funds with a geographic focus in New Mexico, Clearinghouse CDFI and Invest New Mexico. According to the National Council of State Housing Agencies (NCSHA), both funds list workforce and mixed-used housing as areas in which they are willing to invest.

The Opportunity Zone can be combined with other tools in this section to make an affordable housing project in this area even more attractive for private developers.

Figure 57: Taos County's Opportunity Zone



Tool: Short-Term Rental Regulation

While Taos County does not regulate short-term rentals, the Town of Taos has short-term rental regulations and is in the process of amending them. Under current regulations, short-term rentals are allowed in all zones except M-1 and ARO (Agricultural Reserve). The owner must obtain a short-term rental permit and business license from the Town, both of which must be renewed annually. The owner must also pay lodgers tax in accordance with the Town of Taos Lodgers' Tax ordinance. The Town is considering placing a cap on or limiting the number of short-term rentals and/or disallowing them in zones such as the Central Business District (CBD) where they are concentrated.

This Plan concurs with the Town's plans to limit short-term rentals as a strategy to mitigate the negative impact they continue to have on housing prices and housing availability in the Town. However, it is important that the regulations also be implemented at the county level, particularly because the Town of Taos boundaries are very narrowly drawn. Many unincorporated areas of the county, such as El Prado, Ranchos de Taos and even parts of the Weimer foothills, are immediately adjacent to the Town and short-term rentals could easily shift to these locations. While limiting short-term rentals will relieve pressure on the CBD in particular, without involvement from the County, such limitations will not alter the impact of short-term rentals on the Taos housing market overall.

In the 2019 Legislative Session, Senator Peter Wirth sponsored Senate Bill 7 which would allow local governments to utilize 50% of the revenue captured by the lodger's tax on short-term rentals to defray the cost of affordable housing. Currently, the use of lodgers' tax is restricted to advertising, promotion and furtherance of tourism activities. The bill died in committee but could be revived in future legislative sessions if the Town of Taos and other communities with short-term rentals, such as Santa Fe and Ruidoso, chose to support such legislation.

Taos County may also consider raising its lodgers' tax rate; however, this would have no immediate impact on affordable housing since the uses of lodgers' tax in New Mexico are limited. Taos County and the Town of Taos collect a five percent lodgers' tax on all vacation and short-term rentals. This is average for the state with Santa Fe having the highest rate at seven percent. Compared to highs in the rest of the county, these rates are relatively low. Anaheim, CA and Houston, TX both have highest lodging tax in the country at 17% and Chicago, Atlanta and Seattle all tax overnight visitors at 16%.

Tool: Real Estate Transfer Tax

New Mexico is one of the few states in the country to not impose a real estate transfer tax. A transfer tax may be imposed on the buyer, seller, or both when a property changes in ownership. New Mexico has been ranked first in the country by taxfoundation.org in tax advantages and the absence of a transfer tax means lower barriers for home ownership.

While there are certainly tax advantages associated with this lack of a transfer tax, a transfer tax limited to high-priced home sales could have significant benefits for tourist communities like Taos because proceeds could be used to develop affordable housing. The City of Santa Fe attempted to pass a transfer tax in 2009 but the measure narrowly failed in the public vote after considerable lobbying by the real estate industry. Taos County, the Town of Taos and other tourism communities should remain vigilant that the state does not pass legislation that limits local options for real estate transfer tax.

This Plan strongly recommends that the County consider implementing a transfer tax on high-priced home sales. The tax could be imposed on sellers rather than buyers and limits could be set very high, even as high as \$500,000. This would ensure that there is no impact on first-time or moderate-income homeowners and would limit the impact to wealthy individuals. If this is considered, the Town should reach out to the real estate community to garner its support. If support is not forthcoming, the Town would need to be prepared to invest in a public relations campaign so the public is educated about the benefits of such a tax.