How Can Albuquerque Increase Affordable Housing and Reduce Homelessness?

Josh Leopold, Kassie Scott, and Leah Hendey

In many cities, renters with extremely low incomes (at or below 30 percent of area median income) struggle to find affordable housing. These renters can end up living in units whose rents are beyond their means or become homeless, living in shelters, motels, on the streets, or doubled up with family and friends. In Albuquerque, New Mexico, the number of renters with extremely low incomes increased from 2010 to 2016, while the supply of affordable rental units dwindled.

We conducted a needs assessment for the City of Albuquerque to create a road map for reversing those trends. To understand the scope of Albuquerque’s affordable housing issues, we estimated gaps in affordable housing using American Community Survey data. We also interviewed 23 stakeholders—including government officials, developers, service providers, and people who have experienced homelessness—to hear their perspectives and their recommendations for addressing affordable housing issues in the city.

WHAT DOES AFFORDABLE HOUSING IN ALBUQUERQUE LOOK LIKE?

To understand the shortcomings in Albuquerque’s housing market, we explored three key areas: the supply of housing that is affordable to households with extremely low incomes and their housing needs, challenges faced by those households and those experiencing homelessness, and the number of new units needed to address housing gaps. We also projected how many units may need intervention over the next decade to preserve affordability. Highlights from our findings are below.

Households with extremely low incomes have struggled to pay rent, and homelessness has steadily increased. In 2012–16, Albuquerque had 232,000 total housing units, 98,000 (42 percent) of which were being rented or were vacant and for rent. Of renter-occupied units, fewer than 10 percent were affordable to households with extremely low incomes even though more than 90 percent of renters with extremely low incomes were cost-burdened (paying more than 30 percent of their income toward rent). Research has shown that as housing becomes less affordable, homelessness increases, which has been the case in Albuquerque. Between 2013 and 2019, street homelessness nearly quadrupled, and exits from homelessness to housing with permanent subsidies have decreased since 2016.
Albuquerque has a gap of 15,500 rental units affordable to households with extremely low incomes and a gap of 2,200 units of supportive housing for people experiencing homelessness. In 2012–16, the city had only 6,900 rental units that were affordable to the 22,300 households with extremely low incomes, but many renters with higher incomes occupied those units. In fact, fewer than 20 percent of households with extremely low incomes were living in homes with affordable rent, leaving 18,000 households with extremely low incomes in units priced beyond affordability. Albuquerque’s increase in homelessness indicates that this supply of affordable housing units has not been sufficient. We estimate that 2,231 households meet the highest vulnerability index score and need supportive housing and that nearly 800 additional households need rapid rehousing.

Only 28 of every 100 households with extremely low incomes can be served currently, and more than 4,700 affordable units are at risk of losing their subsidies by 2030. To provide deeply affordable housing units, Albuquerque relies on federal, state, and local programs and funding streams. We estimate that Albuquerque has only enough deeply affordable housing units to serve 28 per 100 households with extremely low incomes. Additionally, many federally assisted housing unit subsidies come with expiration dates, and about half those subsidies in Albuquerque will expire by 2030. About 17 percent of the affected units are on Section 8 contracts, which are typically renewed for only one to two years at a time, making those units more likely to become unaffordable if rents are rising.

WHAT CAN ALBUQUERQUE DO?

For Albuquerque to best serve its renters with extremely low incomes, we recommend that the city develop an inclusive process to set a shared vision for increasing housing affordability and reducing homelessness. That process should result in clear goals, estimates of necessary resources and policy changes, and an implementation process for how each sector can contribute. We believe the creation and execution of this plan should be led from within Albuquerque so it has widespread community buy-in. Below, we offer four recommendations for Albuquerque to consider.

- To create a shared vision, the City of Albuquerque should enhance leadership and coordination on affordable housing initiatives, with the Department of Family and Community Services playing an outsize role.
- To close the 15,500-unit gap for renters with extremely low incomes, Albuquerque should preserve existing affordable units and produce more units. That entails increasing affordable housing development support, pairing developments with ongoing rental subsidies, and preserving affordable units whose federal subsidies are expiring.
- We found that Albuquerque can absorb more housing vouchers and that much of the unmet housing need could be addressed by expanding rental assistance and renter protections. These steps can quickly address Albuquerque’s increasing homelessness and help renters who have barriers to finding and maintaining stable housing, such as those with prior evictions or a criminal background.
- The majority of stakeholders mentioned that homelessness in Albuquerque was worsening, citing point-in-time counts and visible homelessness. To improve the homeless services system and increase exits to permanent housing, Albuquerque can reconsider how it shares information from its coordinated entry system and increase the supply of permanent supportive housing with enhanced services.

Albuquerque has a political leadership and public willing to tackle housing affordability through targeted investment. With these recommendations, we believe Albuquerque can increase housing affordability and reduce homelessness.

This fact sheet draws from the Urban Institute report Albuquerque Affordable Housing and Homelessness Needs Assessment, urb.is/2Znu2UD.