

## IX. Housing Element

### A. Introduction

The housing element provides analysis of housing needs, and goals, objectives and policies for coordinated actions of the city and the various private and nonprofit parties providing housing in the community. The element complies with the N.M. Mortgage Finance Authority's guidelines for an affordable housing plan.

The purpose of the housing element is to identify the city of Gallup's existing and projected future housing needs. The housing element establishes long-range priorities, goals and policies both to guide city efforts and to assist in coordination of various private and nonprofit entities engaged in providing housing in the community.

The housing element serves as the city's "affordable housing plan," addressing housing primarily for persons and households of low or moderate income, following the guidelines of the New Mexico Mortgage Finance Authority (MFA). While the city is already eligible to participate in the MFA's programs, an adopted affordable housing plan provides guidance on housing needs best addressed by housing programs identified in this plan and with which the MFA is affiliated. The plan also specifically enables the city to make contributions (e.g., loans, grants, donations of land and building of infrastructure) for affordable housing, as established in the Affordable Housing Act. Without this enabling, the city could not make contributions for affordable housing due to the state's anti-donation clause. An ordinance must also be adopted that shows compliance with the Affordable Housing Act and Rules before the city provides a housing assistance grant or provides housing assistance funds under the Act.

The Affordable Housing Act Rules (November 2007) were issued by the MFA pursuant to the Affordable Housing Act, NMSA 1978, Section 6-27-1 et seq. Objectives of the Affordable Housing Act include:

- Ensuring that state and local housing assistance grantees are Qualifying Grantees who meet the requirements of the Act and roles promulgated pursuant to the Act
- Providing information to MFA for its evaluation of the financial and management stability of the city of Gallup in the role of applicant for MFA funding. If the city chooses to apply for such funding, the information in the plan demonstrates the commitment of the community to affordable housing. The plan also provides context for determining the cost-benefit analysis of a project, benefits to the community of a proposed project, identifying the type or amount of assistance to be provided, and the scope of an affordable housing project.

For purposes of this plan element, "affordable housing" in Gallup is defined as housing affordable to low- and moderate-income households earning less than 120% of median household income, according to income limits determined for McKinley County by the U.S. Department of Housing and Urban Development (see page IX-6). While some communities select a narrower target for affordability, Gallup has demonstrated needs for housing for residents in each these sub-categories: extremely low, very low, low and moderate incomes.

The housing element also addresses housing needs for residents whose incomes are above the moderate level. The difficulty in expanding and rehabilitating market-

rate housing, both for-sale and rental, has been identified as a key community issue; consequently, this plan promotes housing development and rehabilitation at higher price points, as well as the creation of housing units affordable for low and moderate incomes.

The Affordable Housing Act states that an affordable housing plan can either be a stand-alone plan or a housing element within a county or municipal general plan. The housing element within a general plan has advantages over a stand-alone plan because it better relates to the other elements in the Growth Management Master Plan, and is adopted through the statutory comprehensive (general) plan, enabling legislation.

Including the housing element in the Growth Management Master Plan integrates housing concerns with other topics that are highly relevant to the provision of housing. The land use element includes planning for the development of suitable land that is vacant or that can be redeveloped. It also guides zoning of lands for residential purposes. Multi-modal accessibility of affordable housing sites (i.e., providing the capacity to travel by private vehicle, public transit, walking and bicycling) is addressed in both the transportation element and urban design element. Both the land use and transportation elements focus on mixed-use centers including residential uses, with goals of walkability. Economic development is also closely related to housing because a limited supply of housing in the cost ranges needed by business owners and workers can inhibit economic growth, and housing construction, property sales and management are major activities contributing to the community's economy.

## **B. Existing Conditions**

The U.S. Census provides the most comprehensive information on housing unit and household characteristics. Unfortunately, the 2000 data is nine years old, however, many of the household and housing stock characteristics are not considered to have changed. More current data and analysis are presented in this element regarding the number of new housing units, housing prices, rental rates, household incomes, cost burden, and condition of the structures and yards.

Much of the demographics analysis in the Existing Conditions Element of the plan relates to housing. Following is a summary of some of the major points in that element that directly pertain to housing:

### **Population**

- The city of Gallup's population has grown more slowly since 1960 than that of McKinley County.
- Gallup has grown slowly since 1980, at an average annual rate of 0.8% in 1980-1990, and 0.4% in 1990-2000. The U.S. Census Bureau estimated that the city of Gallup declined in population, from 20,209 persons in 2000 to 18,802 persons in 2007 (-1.0% per year). However, the University of New Mexico Bureau of Business and Economic Research (BBER) estimated an increase in county population during that time; and births, building permits and economic indicators for the city of Gallup support the conclusion that the

city has grown slowly since 2000.

- The ethnicity/racial identification of residents has shifted in Gallup over the years. The number of residents who identified themselves as Hispanic declined as a proportion of the population, while the number of Native American residents increased. In 2000, Native Americans became the largest ethnic/racial group in Gallup (37%), surpassing Hispanics (36%) and all others (27%).
- Residents in Gallup have been relatively young, with a median age of 31.1 years compared to 34.6 years in New Mexico in 2000. McKinley County residents were younger still in 2000, with a median age of 26.9 years.
- The city of Gallup is projected in the mid-range series to grow from 20,209 persons in 2000 to 23,192 persons in 2030, at an average annual rate of 0.45% since 2000.
- Two different county population projection series were prepared by BBER in 2004 and 2008. McKinley County was projected to grow from 75,013 persons in 2000 to 93,294 persons in 2030 in the BBER 2008 series and to 114,854 persons in 2030 in the BBER 2004 series. The average annual rates for these two projection series are 0.65% and 2.15%, respectively.

### **Employment**

- Gallup is a major employment hub in McKinley County and the larger region. The Bureau of Economic Analysis, U.S. Commerce Department, estimated 29,325 jobs existed in McKinley County in 2005. BBER estimated there were 22,071 jobs in Gallup in 2004, using New Mexico Department of Labor Covered Employment Statistics. These data indicate that Gallup provides as much as 75% of the county's employment, but has only 27% of the county's population.
- Based on the above statistics, for every resident of Gallup, there are 1.09 employees working in the city (see Economic Development Element, pages VII-6 and 7). This ratio is higher than comparably sized communities and indicates that many workers commute from outside Gallup to jobs in the city. A portion of the pool of workers who live outside of Gallup might be interested in living in Gallup if affordable housing were available. This statistic may also point to the transitional and homeless population who work in Gallup but are not counted as city residents.

### **Household Characteristics**

Household characteristics relating to income distribution, age groups, group quarters and household population, and household size are reported below from the 2000 U.S. Census. More recent data are not available at the city level. Following are our observations of similarities and expected changes in conditions since 2000:

- City household income distribution indicated by the 2000 Census should continue to reflect the situation in Gallup today, while actual income ranges should be adjusted upward in accordance with inflation, as shown in Exhibit IX-5. No significant high-paying employer has begun business in Gallup or substantially expanded business enough to change this situation.
- The distribution of age groups is likely similar to that of 2000. The 2005 age breakdown projected by BBER shows no major change in the grouping of

youths under 19 years (41% in 2000 and 40% in 2005), young adults age 2 to 29 (13% in 2000 and 12% in 2005), main working age, 30 to 59 years (39% in 2000 and 41% in 2005), and in older residents age 65 years and older (7% in 2000 and 6% in 2005).

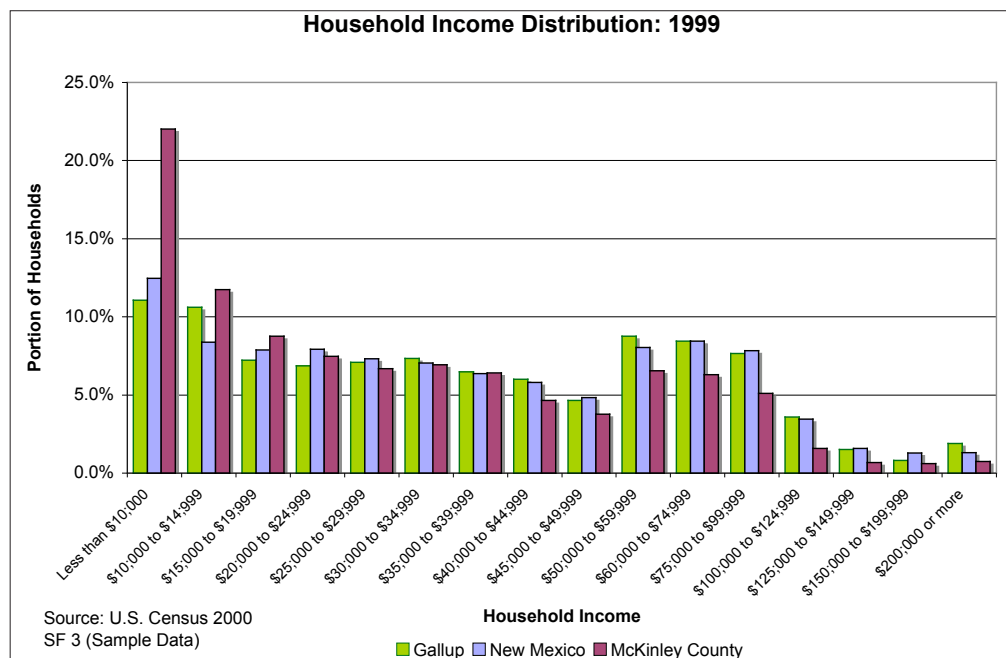
- The current average household size is probably similar to its 2000 level of 2.85 persons per household. It is expected that the trend towards smaller households in the city continues among some current segments of the population, while counter-balanced by other population groups. In particular, growth in the American Indian population in the city has probably continued, and this group has a larger average household size.
- The balance of resident and group home population has likely remained similar to its level in 2000.

### Household Income Distribution 2000

Household income in the city of Gallup is substantially higher than in McKinley County. However, indicators of both city and county household incomes are important because of the high degree to which county residents who live outside of Gallup shop, work, go to school, and conduct business transactions in Gallup. As a regional trade and service center, most county residents do business and rely on medical and other services in Gallup. Also, residents living in the unincorporated county sometimes move into the county.

The median household income in Gallup was \$34,868 in 1999, compared to \$34,133 for the state of New Mexico, and \$25,005 for McKinley County (source: U.S. Census 2000 SF 3). The distribution of household income in Gallup was very similar to New Mexico's in 1999, as shown in the following chart. McKinley County had a substantially higher share of households (43%) earning under \$19,999, compared to Gallup (29%) and the state of New Mexico (29%). Gallup had a slightly higher proportion of households (1.9%) earning \$200,000 or more than the state (1.3%).

**Exhibit IX-1**  
Household Income  
Distribution  
Percentages



Actual numbers of households in Gallup by income level are shown in the following table.

**Exhibit IX-2**  
Household Income  
Distribution  
Numbers

<b>Household Income Distribution in City of Gallup: 1999</b>		
Income Range	Number	Portion
Less than \$10,000	751	11.1%
\$10,000 to \$14,999	720	10.6%
\$15,000 to \$19,999	491	7.2%
\$20,000 to \$24,999	466	6.9%
\$25,000 to \$29,999	481	7.1%
\$30,000 to \$34,999	498	7.3%
\$35,000 to \$39,999	440	6.5%
\$40,000 to \$44,999	408	6.0%
\$45,000 to \$49,999	315	4.6%
\$50,000 to \$59,999	594	8.8%
\$60,000 to \$74,999	574	8.5%
\$75,000 to \$99,999	519	7.6%
\$100,000 to \$124,999	244	3.6%
\$125,000 to \$149,999	102	1.5%
\$150,000 to \$199,999	55	0.8%
\$200,000 or more	129	1.9%
<b>Total</b>	<b>6,787</b>	<b>100.0%</b>

Source: U.S. Census 2000 SF3 (Sample data).

The following information from the 2000 U.S. Census relies on data available only at the countywide level. Since Gallup constitutes 27% of the total county population, it is difficult to ascertain whether county trends in household and per capita income change apply to Gallup. As noted, Gallup has a higher average income and fewer residents living below poverty level than does the county.

- The median household income in McKinley County in 2007 was estimated at \$33,475. Lower than the state average of \$41,509, McKinley County’s median household income was higher than 13 other counties, putting it among the middle third of all New Mexico counties (source: U.S. Census Bureau, Data Integration Division, Small Area Estimates Branch, Small Area Income and Poverty Estimates).
- Of all counties in New Mexico, McKinley County had the highest percentage of families with income below the poverty level in 2000. Over 16,615 families (31.9% of total families) earned income below the poverty level (source: U.S. Department of Commerce, Bureau of Economic Analysis, April, 2008).
  - In Gallup, 20.9% of the population (data unavailable for families) earned income below the poverty level in 2000.
- The county had the eleventh highest total personal income in 2006 of the 34 counties of New Mexico, indicating the relatively large amount of cumulative wealth there, even though many families and individuals were poor.
- Per capita personal income in McKinley County rose from \$13,611 in 2000 to \$19,769 in 2006, an increase of 45%. The rate of increase was greater than for 28 of the 34 counties in New Mexico. In 2006, McKinley County’s per capita personal income was \$10,160 lower than the state’s average and the fifth lowest of the 34 counties in the state, after Guadalupe, Harding, Mora and Catron Counties (source: U.S. Department of Commerce, Bureau of Economic Analysis, April, 2008).

- Of the 5,840 renter-occupied housing units in McKinley County, 29% spent 30% or more of their household income on gross rent in 2000. In comparison, 43% of the renter households in the entire state spent over 30% of their household income on gross rent in 2000. McKinley County therefore had the lowest percentage spent on gross rent of all counties (source: U.S. Census Bureau, Census 2000, Summary File 3).
  - Nearly half (46%) of the renter-occupied housing units in McKinley County, or 2,706 units, were in the city of Gallup in 2000 (source: U.S. Census Bureau, Census 2000, Summary File 1).

The U.S. Department of Housing (HUD) provides the official income limits for calculating extremely low, low and moderate incomes by county for purposes of setting household eligibility for subsidized housing. The New Mexico Mortgage Finance Authority provided the following current information that is applicable to the city of Gallup. The Gallup Housing Authority, (GHA) works extensively with HUD housing programs and relies upon the same data.

Housing costs are considered “affordable” if housing costs (including utilities) do not exceed 30% of HUD income limits for low and moderate levels of income. The results for different income groups are shown in the following table. Moderate-income limits are above that for low and moderate-income residents, targeted for affordable housing.

**Exhibit IX-3**

Summary of  
County Income  
Limits

It should be noted that HUD classifies 31%-50% of reported income to be a “moderate rent or cost burden,” and over 50% of reported income to be a “severe cost burden.” Consequently, at an extreme cost burden of 50%, a four-person,

**FY 2009 Income Limits for McKinley County**

FY 2009 Income Limit Area	Median Income	Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
McKinley County	\$36,100	Extremely Low (30%) Income Limits	\$9,263	\$10,594	\$11,906	<b>\$13,238</b>	\$14,288	\$15,356	\$16,406	\$17,475
		Very Low (50%) Income Limits	\$15,438	\$17,656	\$19,844	<b>\$22,063</b>	\$23,813	\$25,594	\$27,344	\$29,125
		Low (80%) Income Limits	\$24,700	\$28,250	\$31,750	<b>\$35,300</b>	\$38,100	\$40,950	\$43,750	\$46,600
		Moderate (120%) Income Limits	\$33,963	\$38,844	\$43,656	<b>\$48,538</b>	\$52,388	\$56,306	\$60,156	\$64,075

Source for Low Income Limits: New Mexico Mortgage Finance Authority - HUD income categories for Gallup and McKinley County.

extremely low-income household (earning \$13,230) could purchase a \$60,000 house, a very low-income four-person household (earning \$22,050/year) could purchase a \$95,000 house, a low-income four-person household (earning \$35,200/year) could purchase a \$150,000 house, and a moderate-income family (earning \$48,510/year) could purchase a \$200,000 house.

**Exhibit IX-4**  
Housing Cost  
Burden by Income

<b>Limits of Housing Cost Burden by Income Category in FY 2009 for McKinley County</b>					
<b>FY 2009 Income Limit Area</b>	<b>Median Income</b>	<b>Income Limit Category</b>	<b>4 Person</b>	<b>Monthly Rental Payment based on 30% Limit of Income for Housing 4 Persons (inc. utilities)</b>	<b>House Sale Cost based on 30% Limit of Income for 4 Persons (inc. utilities)</b>
<b>McKinley County</b>	\$36,100	Extremely Low (30%) Income Limits	<b>\$13,238</b>	\$331	\$36,000
		Very Low (50%) Income Limits	<b>\$22,063</b>	\$552	\$60,000
		Low (80%) Income Limits	<b>\$35,300</b>	\$883	\$90,000
		Moderate (120%) Income Limits	<b>\$48,538</b>	\$1,213	\$130,000
Source for Low Income Limits: New Mexico Mortgage Finance Authority - HUD income categories for Gallup and McKinley County.					
Calculation of monthly payments on purchase of a house assume 6% interest on a 30-year fixed loan, including both mortgage and other monthly housing costs (including utilities) ( <a href="http://www.ginnimae.gov">www.ginnimae.gov</a> ).					

**Exhibit IX-5**  
Income Limits  
Distribution

<b>Distribution of Households by Income Levels in 2000</b>	
<b>Income Level</b>	<b>Portion of Households</b>
Extremely Low	11.1%
Very Low	10.6%
Low	14.1%
Moderate	14.4%
Above Moderate	49.8%
<b>Total</b>	<b>100.0%</b>
Sources: U.S. Census 2000 SF 3 (Sample data) household income, U.S. Department of Housing and Urban Development 2008 three-person household income limits by levels, inflation adjustment from 2008 to 1999, and calculations by ARC.	

### Household Size 2000

The average household size in the city of Gallup declined from 3.01 in 1990 to 2.85 persons in 2000. The 5% decline was not unusual in the state as a whole, which lost 11% in household size during the same time period. The average household size in New Mexico in 2000 was 2.63 persons, while in McKinley County, it was 3.44 persons.

Variation in household size by selected ethnic/racial groups in Gallup in 2000 is:

- 3.42 persons for American Indians alone
- 3.00 persons for Hispanics
- 2.57 persons for Black alone
- 2.47 persons for White alone

### Population in Households and Group Quarters 2000

Of the 20,209 residents in Gallup, 19,434 lived in households and 775 lived in group quarters in 2000 (source: U.S. Census).

**Exhibit IX-6**  
Population in  
Group Quarters

<b>City of Gallup Population in Group Quarters: 2000</b>	
	<b>Persons</b>
Correctional institutions	222
Nursing homes	154
Other institutions	138
Other noninstitutional group quarters	261
<b>Total</b>	<b>775</b>
U.S. Census 2000.	

The 261 residents of “other noninstitutional group quarters” may live in such accommodations as halfway houses for drug/alcohol abuse, emergency and transitional shelters, and religious group quarters. The Census Bureau also includes in this category geographically identifiable locations for nonsheltered homeless people.

### Housing Stock Characteristics

Vacancy rates and numbers of owner-occupied and rental housing, and single-parent families reported below from the 2000 Census are expected to remain very similar to current conditions.

The city of Gallup had 7,349 housing units in 2000, and an estimated 7,850 housing units in 2008. Between 1990 and 2000, 643 housing units were added to the housing inventory for a total of 7,349 housing units. The vacancy rate remained approximately the same in 2000 (7.5%) as in 1990 (7.5%).

**Exhibit IX-7**  
Selected Housing  
Statistics

<b>City of Gallup Selected Housing Statistics: 1990 and 2000</b>			
	1990	2000	Change
Total Population	19,154	20,209	1,055
Housing Units	6,706	7,349	643
Households	6,204	6,810	606
Vacant Housing Units	502	539	37
Vacancy Rate	7.5%	7.3%	-0.2%
Population in Households	18,653	19,434	781
Population in Group Quarters	501	775	274

Source: 1990 and 2000 Census SF1 (count).

**Age of Housing Stock**

Gallup's housing stock is relatively old, with an estimated 1,000 units, or 14% of the community's total housing, built prior to 1949. For comparison, the proportion of Farmington and Flagstaff's housing built prior to 1949 was less than 6%. Just over 16% of both Gallup's and Farmington's housing units were built between 1990-2000, while 29% of Flagstaff's housing units were built in the same time period.

**Exhibit IX-8**  
Comparative Age  
of Area Housing  
Units

<b>Year Housing Units Were Built in Gallup Compared to Farmington and Flagstaff</b>						
	Gallup		Farmington		Flagstaff	
Built 1939 or earlier	563	7.7%	433	2.9%	719	3.4%
Built 1940 to 1949	430	5.9%	440	2.9%	549	2.6%
Built 1950 to 1959	946	12.9%	2,823	18.8%	1,821	8.5%
Built 1960 to 1969	1,015	13.9%	2,061	13.7%	2,671	12.5%
Built 1970 to 1979	1,898	25.9%	3,929	26.1%	4,385	20.5%
Built 1980 to 1989	1,252	17.1%	2,862	19.0%	5,099	23.8%
Built 1990 to 1994	445	6.1%	803	5.3%	2,577	12.0%
Built 1995 to 2000	769	10.5%	1,694	11.3%	3,609	16.8%
<b>Total</b>	<b>7,318</b>	<b>100.0%</b>	<b>15,045</b>	<b>100.0%</b>	<b>21,430</b>	<b>100.0%</b>

Source: U.S. Census 2000 SF 3 sample data.  
Note: The total units built 1990 to 2000 shown in the SF 3 sample data exceeds the change in total units from 1990 to 2000 in the SF 1 total counts by 20%.

As discussed below (see Exhibit IX-13), 515 housing units were built in the city from 2000 to July, 2008.

Neighborhoods with older housing generally benefit from their historic character due to historic architectural styles and building materials, as well as lot size, block size and other features common in pre-World War II development. However, old houses require significant maintenance in order to retain a high standard of structural condition. The age of Gallup's housing stock, in conjunction with the windshield survey showing many housing units in fair and more deteriorated condition (see Exhibits IX-18 through IX-22), creates a situation where housing rehabilitation is a very important strategy.



### Vacancy Rates

According to the 2000 Census (SF 1), Gallup had 539 vacant housing units, or 7.0% of the total housing units. This rate is similar to the rate in Farmington (7.3%), and is low compared to Flagstaff's rate (9.8%) and that of the state of New Mexico (13.1%). Gallup's low vacancy rate indicates especially strong housing demand in the city, given that the housing inventory is relatively old and numerous houses are in poor or fair condition.

According to the 2000 Census, of the 539 vacant housing units in Gallup, 42% (226 units) were for rent, 15% were for sale, 13% were for seasonal, occasional or recreational use, 7% were rented or sold but not occupied, and 23% were for other/unstated purposes.

More recent data on vacancies are not available. As mentioned below, the community has few vacant rental apartments or houses.

### Owner-occupied and Rental Housing

Gallup's occupied housing consisted of 4,125 owner-occupied and 2,682 rented housing units in 2000. Gallup had a somewhat higher portion of rental housing compared to the state of New Mexico and Farmington, but much lower than resort-oriented Flagstaff.

**Exhibit IX-9**  
Owner-Occupied  
and Rental  
Housing

<b>Owner Occupied and Renter Occupied Housing Units: 2000</b>					
	Gallup		Flagstaff	Farmington	New Mexico
	Number	Portion	Portion	Portion	Portion
Owner occupied	4,125	61%	48%	69%	70%
Renter occupied	2,682	39%	52%	31%	30%
Total	6,807	100%	100%	100%	100%

Source: U.S. Census 2000 SF-3 sample data.

No more recent data are available. Several realtors and planners speculate that the number of rental homes has increased as more long-time residents have moved away from Gallup and rented their family homes. The 2010 U.S. Census will help establish whether this change has occurred.

### Single Parent Families

Gallup had a higher proportion of single householder families (37%) in 2000 compared to the state (27%), Farmington (25%), and Flagstaff (27%), but lower than McKinley County's percentage (39%). Single householders with children under 18 years of age were counted at 1,167 families in Gallup in 2000, which was similarly higher (24%) compared to other areas analyzed.

**Exhibit IX-10**  
Comparative  
Married and Single  
Parent Families

	Gallup		McKinley County		Flagstaff	Farmington	New Mexico
	Number	Portion of Total Families	Number	Portion of Total Families	Portion of Total Families	Portion of Total Families	Portion of Total Families
Married Couple Families	3,087	63.4%	10,239	61.4%	73.1%	75.2%	73.3%
Single Householder Families	1,783	36.6%	6,440	38.6%	26.9%	24.8%	26.7%
Total Single Householder Families with Children Under 18 Years	1,167	24.0%	3,757	22.5%	18.1%	16.6%	16.6%
Single Male with Children Under 18 Years	276	5.7%	947	5.7%	4.6%	4.9%	4.5%
Single Female with Children Under 18 Years	891	18.3%	2,810	16.8%	13.6%	11.7%	12.0%

Source: U.S. Census 2000 (SF1).

**Housing Growth**

Gallup added 612 housing units (+9%) to its inventory between 1990 and 2000. Most of the new housing consisted of single family homes and mobile homes.

**Exhibit IX-11**  
Housing Stock by  
Type

	1990		2000		Change 1990-2000	
	Number	Portion	Number	Portion	Number	Portion
Total Housing Units	6,706	100.0%	7,318	100.0%	612	9.1%
Single Family	3,836	57.2%	4,263	58.3%	427	11.1%
Duplex	451	6.7%	470	6.4%	19	4.2%
Multifamily	1,164	17.4%	1,230	16.8%	66	5.7%
Mobile Homes	1,176	17.5%	1,347	18.4%	171	14.5%
Recreational Vehicles or Vans/Other	79	1.2%	8	0.1%	-71	-89.9%

Source: U.S. Census 1990 STF 3 and 2000 SF 3 sample data.

The city had a sizeable inventory of multifamily housing units in 2000, with 1,230 units, and several new multifamily projects built since 2000.

Apartment buildings in Gallup include:

- Casamera Apartments, 350 Basillo Drive
- Casitas Del Sol Apartments, 212 Cedar Hills Drive
- Cedar Crest Apartments, 220 Nizhoni Boulevard
- Cedar Hills Apartments, 1710 Elm Circle
- Cliffside Apartments, 601 Dani Drive
- Chuska Apartments, 2534 East Aztec Avenue
- Hidden Valley Apartments, 810 Patton Drive
- Nizhoni Terrace Apartments, 222 East Nizhoni Boulevard
- Orleans Manor Apartments, 900 South Boardman Avenue
- Park Apartments, 915 East Buena Vista Avenue
- Piñon Hills Apartments, 2811 Dairy Drive
- Sage Apartments, 110 Rudy Drive
- Sagebrush Apartments, 650 Dani Drive.
- Summer Properties, 218 Verdi Drive
- Sunset Hills Apartments, 200 Rudy Drive

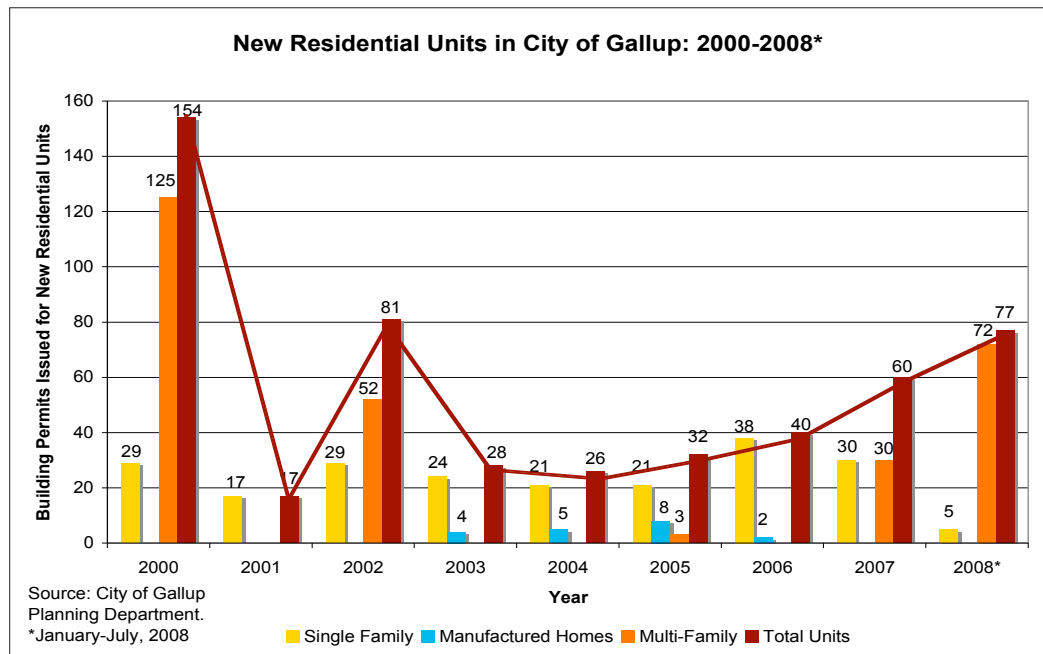
- The Terrace Apartments, 201 Montoya Boulevard
- Villa De Gallup, 325 Klagetoh Street
- Villa de Mentmore, 3420 Sanostee Drive
- Vista Del Sol Apartments, 800 South Third Street

(Source: Gallup Chamber of Commerce Web site, New Mexico Mortgage Finance Authority Housing Services Directory and updates by ARC)

New housing has increased the housing stock since 2000 with 515 housing units through mid-year 2008 (not counting demolitions), but at a slightly lower annual rate than during the 1990s. From 1990 to 2000, an average of 61 new housing units were added per year (based on U.S. Census counts), while from 2000 to 2007, an average of 55 new housing units were added per year (based on city building permits). The year of highest growth was 2000. Permit issuance was slow from 2001 to 2006, then increased in 2007 and 2008, due to multi-family housing projects.

As shown in the following table, more housing units were added by multi-family projects than new single family homes, contrary to the prior decade trends. New single family housing construction has tended to be fairly steady from year to year, while construction of multi-family and mobile homes varies significantly. Very few new manufactured homes have reportedly come into the community since 2000.

**Exhibit IX-12**  
New Residential  
Units



**Exhibit IX-13**  
New Residential  
Unit Counts

	New Residential Units in City of Gallup: 2000-2008			Total
	Single Family	Manufactured Homes	Multi-Family	
2000	29	0	125	<b>154</b>
2001	17	0	0	<b>17</b>
2002	29	0	52	<b>81</b>
2003	24	4	0	<b>28</b>
2004	21	5	0	<b>26</b>
2005	21	8	3	<b>32</b>
2006	38	2	0	<b>40</b>
2007	30	0	30	<b>60</b>
2008*	5	0	72	<b>77</b>
<b>Total</b>	<b>214</b>	<b>19</b>	<b>282</b>	<b>515</b>

Source: City of Gallup Planning Department building permits issuance.  
Note\*: Count of units from January through July, 2008.

**Housing Sales by Areas of the City**

Over 1,000 houses were sold between 2004 and 2008. Assuming, by adding residential building permits to the 2000 Census count of housing units, that there are approximately 5,843 single family and mobile homes in Gallup, approximately 18% of the housing inventory was sold during the four-year period. The number of houses sold progressively decreased over the four-year period, with only half the number of sales in 2008 as in 2004.

As shown in the following table, the East Side has experienced the greatest housing sale activity since 2004, followed by the West Side, and then the South Side. The Central City had very few sales, with a total of 42 houses over five years, as did the North Side, with only 81 house sales.

**Exhibit IX-14**  
Houses Sold by  
Area

	Houses Sold by Area of City of Gallup: 2004-2008					Total	Portion of Total
	2004	2005	2006	2007	2008		
Central City	13	15	4	3	7	<b>42</b>	3.9%
East Side	129	113	87	78	58	<b>465</b>	43.5%
North Side	29	7	16	21	8	<b>81</b>	7.6%
South Side	46	56	45	42	48	<b>237</b>	22.2%
West Side	70	62	47	42	23	<b>244</b>	22.8%
<b>Total</b>	<b>287</b>	<b>253</b>	<b>199</b>	<b>186</b>	<b>144</b>	<b>1,069</b>	100.0%

Source: McKinley County Office of the Assessor, 2009.

**Cost of Housing in Gallup**

The median value of both new and existing homes sold increased from the range of \$100,000 - \$140,000 in 2004 and 2005, to \$141,000 - \$200,000 in the years 2006, 2007 and 2008.



The average value of new houses was \$175,000 in 2008, according to the city's Planning Department, based on building permit applications.

**Exhibit IX-15**  
Median Value of  
Houses Sold

<b>Median Value of Houses Sold in the City of Gallup: 2004-2008</b>		
Year	Total Homes Sold	Median Value - Range
2004	287	\$100,001 - \$140,000
2005	253	\$100,001 - \$140,000
2006	199	\$140,001 - \$200,000
2007	186	\$140,001 - \$200,000
2008	144	\$140,001 - \$200,000

Source: McKinley County Office of the Assessor, 2009.

Housing sale values are lowest in North Gallup, with 73% of sales under \$140,000 per unit, and in the Central City, with 38% of sales under \$140,000 per unit. Housing sale values are highest in the South Side, with 46% of the units selling for over \$200,000. The areas with the largest portion of housing selling in the middle range of \$100,000-\$200,000 are the East (58%) and West (58%) Sides.

**Exhibit IX-16**  
Houses Sold by  
Area and Price

<b>Houses Sold in the City of Gallup by Area and Price Range: 2004-2008</b>							
	2004	2005	2006	2007	2008	Total	Portion of Total
<b>Central City</b>							
Under \$50,000	1	1			1	3	7%
\$50,001 - \$100,000	6	5	2			13	31%
\$100,001 - \$140,000		3			5	8	19%
\$140,001 - \$200,000	5	4	2	1		12	29%
\$200,001 - \$400,000	1	1		2	1	5	12%
Over \$400,000		1				1	2%
<b>East Side</b>							
Under \$50,000	3	1				4	1%
\$50,001 - \$100,000	40	26	13	7	5	91	20%
\$100,001 - \$140,000	31	43	18	23	23	138	30%
\$140,001 - \$200,000	21	26	36	26	22	131	28%
\$200,001 - \$400,000	30	16	20	20	8	94	20%
Over \$400,000	4	1		2		7	2%
<b>North Side</b>							
Under \$50,000	8		3	4		15	19%
\$50,001 - \$100,000	11	7	10	10	6	44	54%
\$100,001 - \$140,000	6		3	6	1	16	20%
\$140,001 - \$200,000	2					2	2%
\$200,001 - \$400,000	1			1		2	2%
Over \$400,000	1				1	2	2%
<b>South Side</b>							
Under \$50,000	2		5		1	8	3%
\$50,001 - \$100,000	7	3	6	1	1	18	8%
\$100,001 - \$140,000	6	7	1	2	4	20	8%
\$140,001 - \$200,000	20	21	9	12	20	82	35%
\$200,001 - \$400,000	10	24	20	22	19	95	40%
Over \$400,000	1	1	4	5	3	14	6%
<b>West Side</b>							
Under \$50,000	3	3	1			7	3%
\$50,001 - \$100,000	20	14	11	7	4	56	23%
\$100,001 - \$140,000	28	16	6	5	6	61	25%
\$140,001 - \$200,000	11	20	19	19	12	81	33%
\$200,001 - \$400,000	7	5	7	10	1	30	12%
Over \$400,000	1	4	3	1		9	4%
	287	253	199	186	144	1,069	

Source: McKinley County Office of the Assessor, 2009.

Rental rates are similar to the prices of houses sold by area of the city. All reported rents are for free-market units, with no subsidies.

Reportedly, nearly all rentals are occupied in Gallup. One realtor reported that of 100 apartments for rent, 100% were occupied and of 50 houses for rent, 45 were occupied. Another realtor had only three efficiencies and one house available for rent. Participants in the Housing Focus Group of September 26, 2008 observed that Gallup lacks rentals at price points for low- and moderate-income residents, as well as for above-moderate-income residents.

**Exhibit IX-17**  
Average Market-  
Rate Monthly  
Rental Rates

Average Market-Rate Monthly Rental Rates by Area in City of Gallup								
	Apartments, Duplexes			Single Family				
	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
Downtown/Central City	\$300	\$463	\$450		\$650	\$800		
Mossman & Indian Hills/East Side			\$634			\$1,133		\$1,400
North Side						\$750		
Mentmore/West Side						\$925	\$795	
Hospital Area/South Side						\$1,100	\$1,400	
Average	\$300	\$463	\$603		\$650	\$963	\$1,111	\$1,400

Sources: Century 21, Coldwell Banker and Remax Realties, February 19, 2009.  
Thirty price points were provided. Several of the price points applied to multiple units.

**Housing Conditions**

A windshield survey, a visual assessment of conditions based on a set of predetermined criteria, was conducted on March 4, 2009. (See the map below.) City and ARC staff rated housing units for condition, visible from the street, for exterior house walls, roof, doors, windows, yards, walls and fences. In total, 584 housing units were surveyed. With an estimated 7,700 total housing units in the city, 7.6% of the housing stock was inventoried. The sample areas were dispersed throughout the city, and the housing types were roughly representative of all the housing types in Gallup. Compared to the housing stock in 2000, somewhat more single family and fewer mobile homes and apartments were surveyed.

**Exhibit IX-18**  
Windshield  
Survey of Housing  
Conditions

Housing Conditions Windshield Survey Results				
Type of Structure	Occupied	Portion of Occupied	Vacant	Portion of Vacant
Detached single family	428	73%	14	64%
Mobile Home	53	9%	8	36%
Modular Housing	1	0.2%	0	0.0%
Duplexes, Triplexes	33	5.65%	0	0.00%
Apartment Complexes	69	12%	0	0%
<b>Total</b>	<b>584</b>	<b>100%</b>	<b>22</b>	<b>100%</b>

The surveyed houses were rated "excellent," "good," "needs work" and "poor" in these categories: exterior walls, roofs, doors and windows, yards, walls and fences. Exhibit IX-20 explains the rating method.

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The housing condition windshield survey provides a general indication of the fairly high level of housing and yard deterioration. Of the 553 occupied houses surveyed in Gallup, 150 (27%) were rated in poor and “needs work” condition; and 165 yards/walls/fences (28%) were rated in poor and “needs work” condition. While a statistically valid sampling cannot be claimed, if the same proportions in the survey are representative of the entire housing stock in Gallup, approximately 2,100 housing units would be in poor and “needs work” condition in the entire city.

According to the survey, the greatest concentration of poor and “needs work” structural condition is in the Chihuahuita area and in North Gallup, on both sides of Third Street. Yard conditions were rated as poor and “needs work” at the highest rates in North Gallup (highest of three), the Chihuahuita area, and in the Downtown residential areas.

The areas observed to have the greatest concentration of houses in good and excellent condition were UNM-Gallup South, Green Street and Mentmore. Good and excellent yard features were observed in Mentmore, UNM-Gallup South, and Stagecoach/Viro. The hospital area was not among these highest rated areas, somewhat surprisingly. While many houses are rented to hospital personnel, most houses are 30 to 40 years old and need attention if they have not been maintained at a high level.

The apparent dispersal throughout the community of housing in poor condition may be a greater challenge because it will require making improvements throughout a large area. Areas with 20% or more of houses in poor and “needs work” condition include Downtown, Mossman, Red Bluff area, Hospital, and Gallup High, in addition to the previously mentioned North Side and Chihuahuita neighborhoods.

(See the charts on the following pages.)

### Public Housing

The Gallup Housing Authority (GHA) owns and manages six properties with a total of 267 housing units. The six properties are grouped into three asset-based management properties.

#### Exhibit IX-20 GHA Public Housing Developments

<b>Gallup Housing Authority Public Housing Developments</b>	
Developments	Housing Units
Sunshine Canyon	46
Ford Canyon	29
South Marce Lane	30
Arnold Circle	66
Romero Area	30
Sky City	66
<b>Total</b>	<b>267</b>

1. Sunshine Canyon consists of 46 single-family houses on individual lots. All houses contain three bedrooms. The project mainly serves low- and medium-

Exhibit IX-21  
Windshield Survey  
Methodology

Housing Conditions Windshield Survey Methodology						
Rating	Rating Methodology	Exterior Walls	Roof	Doors and Windows	Yard	Walls and Fences
1 - Poor	This rating was assigned to homes or yards that had major issues and obviously received little or no maintenance. As a result these properties causes visual blight in the neighborhood.	Major cracks in exterior wall or foundation were visible. Paint on walls was shingles/tiles or, if badly peeling or missing.	Sagging roofline, and major deteriorating or missing roof shingles/tiles or, if flat roof was visible, badly cracked tar.	Doors or windows broken or appeared to be badly deteriorated, or boarded up or missing.	Substantial maintenance issues with visible weeds, debris, junk vehicles (e.g., deflated tires, vegetation around tires, accumulation of vegetation on vehicle, etc.), presence of upholstered furniture not intended for outdoor use, appliances, and excessive amount of improper outdoor storage.	Walls or fences appeared to be badly deteriorated or falling down.
2 - Needs Work	This rating was assigned to homes that had some obvious maintenance issues. Homes and yards that received this rating had one or more of the specific conditions listed under the structural and aesthetic parts of the house and yard.	Some peeling paint, minor cracks in walls or foundation.	Deteriorating or missing roof shingles/tiles, less severe than "poor".	Repairs of visible deterioration needed.	Moderate maintenance issues, with some weeds higher than 6", some junk in yard (junk vehicles, broken toys or yard furniture, and improper outdoor storage).	Some visible cracks or missing components (slats or blocks).
3 - Good	This rating was assigned to homes or yards that were in average condition. Homes did not have any obvious exterior maintenance issues. There were no visible trash or junk in the yard. Few or no weeds.	Minor painting or stucco repair appeared to be needed.	Minor deterioration, wear, or aging, that appeared to need minor repairs if desired but not essential at this time.	Windows and doors appeared to be in good condition and well maintained.	Minor maintenance issues, with little visible debris and/or weeds less than 6 inches, no junk in yard.	Minor visible cracks or missing paint.
4 - Excellent	This rating was assigned to homes or yards that were maintained and cared for. Homes were carefully maintained, repaired and painted. Stucco was uncracked. Yards were well groomed and free of debris and improper	No painting or repairs appeared to be needed.	Appeared to be in excellent condition, needs no repairs.	New structure or windows and doors appeared to have been recently replaced.	Appeared to be well maintained and landscaped. No weeds, debris, or visible junk of any kind.	Appeared to be well maintained.

**Exhibit IX-22**  
Average Condition  
Rating by Area

<b>Housing Conditions Survey Average Rating by Area</b>													
	Mentmore Subarea 1	Gallup High Subarea 2	Stagecoach/ Viro Subarea 3	UNIM-G South Subarea 4	Hospital Subarea 5	Red Bluff Area Subarea 6	Indian Hills Subarea 7	N. Side (East of 3rd) Subarea 8	N. Side (West of 3rd) Subarea 9	Chihuahuita Subarea 10	Downtown Subarea 11	Green St. Area Subarea 12	Mossman Subarea 13
<b>House Structures</b>													
Poor	0.0%	2.8%	0.0%	0.0%	3.2%	5.4%	0.0%	15.4%	20.7%	10.4%	4.9%	0.0%	2.7%
Needs Work	9.0%	19.4%	13.5%	0.0%	22.6%	21.4%	19.4%	32.7%	27.6%	41.8%	34.1%	4.5%	32.4%
Good	64.2%	30.6%	70.3%	13.8%	51.6%	30.4%	41.7%	48.1%	48.3%	41.8%	51.2%	56.8%	45.9%
Excellent	26.9%	47.2%	16.2%	86.2%	22.6%	42.9%	38.9%	3.8%	3.4%	6.0%	9.8%	38.6%	18.9%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Yard Features</b>													
Poor	0.0%	0.0%	0.0%	0.0%	3.2%	8.9%	2.8%	17.3%	13.8%	6.0%	4.9%	0.0%	0.0%
Needs Work	1.5%	16.7%	8.1%	3.4%	12.9%	16.1%	11.1%	38.5%	51.7%	37.3%	41.5%	38.6%	35.1%
Good	16.4%	25.0%	59.5%	3.4%	38.7%	23.2%	41.7%	32.7%	31.0%	41.8%	43.9%	13.6%	48.6%
Excellent	82.1%	58.3%	32.4%	93.1%	45.16%	51.8%	44.4%	11.5%	3.4%	14.9%	9.8%	47.7%	16.2%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Generalized Conditions</b>													
Houses Poor and Needs Work	9.0%	22.2%	13.5%	0.0%	25.8%	26.8%	19.4%	48.1%	48.3%	52.2%	39.0%	4.5%	35.1%
Houses Good and Excellent	91.0%	77.8%	86.5%	100.0%	74.2%	73.2%	80.6%	51.9%	51.7%	47.8%	61.0%	95.5%	64.9%
Yards Poor and Needs Work	1.5%	16.7%	8.1%	3.4%	16.1%	25.0%	13.9%	55.8%	65.5%	43.3%	46.3%	38.6%	35.1%
Yards: Good and Excellent	98.5%	83.3%	91.9%	96.6%	83.9%	75.0%	86.1%	44.2%	34.5%	56.7%	53.7%	61.4%	64.9%
<b>Sample Size</b>													
Occupied Housing Units (Sample Size)	67	36	37	29	31	56	36	43	29	67	41	44	37
Vacant Housing Units	0	3	0	8	1	2	0	3	0	10	4	0	0
<b>Total</b>	<b>67</b>	<b>39</b>	<b>37</b>	<b>37</b>	<b>32</b>	<b>58</b>	<b>36</b>	<b>46</b>	<b>29</b>	<b>77</b>	<b>45</b>	<b>44</b>	<b>37</b>
Note: House structure conditions are a combined rating of exterior walls, roof, and doors and windows.													
Yard feature conditions are a combined rating of the walls and fences, and the yard.													
											High portion of good and excellent.		
											High portion of poor and needs work.		

income residents. Houses were built in 1968. Of the 46 houses, 18 are occupied and 29% are vacant at this time. GHA is actively remodeling most of the vacant units, since they are relatively old and need repair and updating. Lots vary in size from 5,000 to 10,000 square feet.

2. Ford Canyon contains 29 attached housing units for senior residents. The development is located on Ford Drive north of the Ford Canyon Recreational Complex and adjacent to the Southside Senior Center. All units are occupied. Several of the units are ADA-accessible. The housing was built in 1972-74.
3. South Marce Lane has a total of 30 housing units, mostly in duplexes. Housing was built in 1972. All units are restricted to very low-income residents and approximately 72% of the units are occupied. Four units are scheduled to be remodeled. The GHA's offices on Debra Drive off of South Second Street are adjacent to this development.
4. Arnold Circle consists of 66 housing units, mostly in duplexes. The development is located south of West Aztec Avenue. Housing was built in 1964 and approximately 66% of the units are occupied.
5. The Romero Area has a total of 30 housing units, mostly in duplexes. Housing was built in 1972. All units are restricted to low-income residents and approximately 85% of the units are occupied.
6. Sky City contains 66 housing units, built in 1964-1965. The development is located north of East Vega Avenue along North Strong Drive. Approximately 66% of the units are occupied.

GHA receives capital funds from the U.S. Department of Housing and Urban Development (HUD) to remodel housing units. This program was formerly focused on modernization, with somewhat different rules. The current approach is "asset-based" rather than limited to modernization, which allows more flexibility in types of projects, including landscaping, concrete work and beautification.

HUD provides an operating subsidy for day-to-day maintenance and operations.

The public housing waiting list has been closed; approximately 200 residents are on the current waiting list.

### **Section 8 Voucher Rental Assistance**

The Gallup Housing Authority also operates the Section 8 voucher program to provide rental assistance for low-income residents. GHA has a total of 38 vouchers, of which 19 vouchers are issued. This program has declined over a number of years due to past GHA priorities; however, at this time, the intent is to increase its size. The Section 8 waiting list has been closed since 2004, but will be reopened the week of March 1, 2009.

The breakdown of voucher use is:

- 40% for extremely low-income residents
- 60% for low, moderately low- and high low-income residents

Vouchers cannot be used for public housing. Private apartment complexes with Section 8 residents include Terrace Apartments, Cedar Hills, and Villa de Gallup.

Each month, the Gallup Housing Authority turns away approximately 30% of its applicants because their income is too high to qualify for either Section 8 or public housing programs. This percentage indicates that there are many prospective residents with moderate incomes who cannot find suitably affordable housing in Gallup.

### **Non-transient Residents**

Homeless, residents staying in shelters, and residents living in motels make up a sizeable population in the community, but there are no reliable counts of these residents. Several data sources were used to provide an estimate of the extent of the population.

- 600 residents are roughly estimated to live in motels in Gallup (source: Care 66 Executive Director).
- 261 residents were living in “other noninstitutional group quarters” in 2000 (source: U.S. Census).
- 191 residents stayed in shelters, based on a count during one night in 2007 (source: Care 66 Operations Director).

### **Shelters**

- The Francis House, operated by Care 66 on Boyd Avenue, has operated for four years. It has 21 beds for transitional and permanent support housing for men. The organization purchased the Liberty Hotel and expects to open a similar program in 2010. Care 66 works with the Veterans Administration (VA) Transitional Housing Program and the VA’s Homeless Providers Grant and Per Diem Program.
- Casa San Martin, 409 W. Wilson Avenue, operated by the Diocese of Gallup, has 40 beds for men. The shelter is available for people who are homeless, transient, or live far away and need a place to stay for a night. Shelter space for up to three women is available nearby in the house of the Sister managing the program.
- NA Nihzhoozhi Center, Inc. is a substance abuse treatment facility. It provides services for the city of Gallup, Navajo Nation Social Services, Veteran’s Administration, New Mexico Department of Corrections and other agencies that place program participants.
- Battered Families Services, Inc. operates a five-bedroom shelter for women and children who are victims.

Alcohol abuse is considered one of the main contributors to homelessness. Both Francis House and Casa San Martin require sobriety.

Various agencies offer collaborative social services for the homeless. For example, Faith Christian Fellowship provides outreach to mobile home park residences,

including food. Catholic Charities provides outreach counseling, help with baths, and help to stranded travelers. The Catholic Indian Center provides basic breakfasts. The Southwest Indian Foundation provides VA assistance, and Battered Family Services provides limited housing for women.

#### Motels

Most of the motels offering fairly low weekly rates are located along east and west U.S. 66 Avenue just outside the downtown core area. A fairly diverse population lives in motels, including part-time seasonal workers who need a place to stay while in the city (i.e., for several weeks). Some residents, including single persons, families, and some with special needs, have very low incomes and are without housing alternatives. Some motel residents are on the verge of being homeless, in transition from shelters and alternately living on the streets and in motels. Many special needs motel residents need support services such as VA medical benefits, and assistance with mental health, substance abuse, and dealing with violence. Some lack skills in independent living. Families with young children living in motels would benefit from after-school care for children. Some craftspeople, such as silversmiths, fabricate jewelry in motel rooms, which is generally considered unsafe. In general, these residents need services such as transit, medical care, nutritional assistance, clothing assistance and employment.

Interviews were conducted to obtain information about motel residency. Based on the interviews, the following information helps to characterize some motel residents' circumstances:

- The cost of a motel room is typically \$600 to \$640 per month.
- Residents interviewed were saving to rent an apartment, although they found it extremely difficult to locate available rental housing. Saving first month's rent and a security deposit was very difficult for these residents, whose income is consumed by rent and also for some, by child support payments.
- Residents who were interviewed were currently employed.
- Living conditions were described as basic. Some motel rooms have a microwave and mini-refrigerator, making it possible to prepare some food.
- Both singles and families live in motel rooms.
- Some residents move back and forth between motels and transitional housing.
- Residents interviewed spoke of safety and security problems associated with living in motels. Fights, parties, police inquiries, physical attacks, and even murder were reported.
- Residents interviewed use bicycles as their main means of commuting to work and traveling around the city.

It should be noted that since shelter space for women and children is very limited, motels offer the only alternative for some of these poor families.

#### Chuska Apartments

Chuska Apartments, packaged by the Supportive Housing Coalition (from Albuquerque) and operated by Care 66, is a 30-unit, new construction property with six residential buildings and a community center. It consists of 15 two-bedroom and 15 three-bedroom apartments, and is available to veterans and non-

veterans. It is the first affordable housing development, supported by the Enterprise Rural and Native American Initiative, that works with tribes to create healthy, safe, affordable housing and to increase opportunities for economic advancement. The Supportive Housing Coalition was founded in 1996 in response to local service providers' recognition of a community-wide gap in safe and affordable housing for homeless and near-homeless persons with behavioral health disorders. Care 66 is a nonprofit organization in Gallup providing supportive services to formerly homeless residents. Families receive case management and a 24-month enriched service program. Supportive services include medical and psychiatric care, substance abuse treatment, general counseling services, budgeting and money management, job skills development, independent living and other skills training, homeownership counseling, and linkage to other community resources. Counseling and case management take place in the community center offices and classes are offered in the community room.

The design of Chuska Apartments incorporates several green features that conserve energy and raw materials, including day-lighting in all rooms, passive solar heating, energy-efficient windows, and rooftop water heating.

### **Habitat for Humanity**

The Gallup affiliate of Habitat for Humanity (Habitat) was begun in about 2004. Habitat recently completed its third house and as of March 2009, was starting its fourth house. The goal of the local affiliate is to build one house per year. Homes are built with volunteer labor and typically, have some donated materials and appliances. Habitat's houses are built to a high standard for energy and water conservation. Most houses provide wheelchair and handicap accessibility for disabled persons.

Habitat reports that it receives hundreds of applications; however, only a few residents qualify, indicating that many potential home buyers have serious credit problems. For example, qualified buyers received loans of \$70,000 for houses that appraised for \$90,000 to \$115,000. Income guideline conditions are placed on buyers to restrict profiting or the loss of affordable housing created by Habitat.

One of Habitat's biggest challenges is to acquire donated land in order to keep costs low. Some properties are donated by private property owners, are condemned, or have become tax lien properties. New Mexico's anti-donation clause has been an obstacle to Habitat's acquisition of more land through the city or county. However, through adopting an affordable housing ordinance, the city is able to donate land to Habitat, as well as to other affordable housing programs. The city can work with Habitat to demolish derelict houses, possibly improve utilities, streets and sidewalks if needed, and then donate land to Habitat for the construction of new houses. While it can engage in these activities with public funds, the city is not bound to do so. It will evaluate requests for funding according to criteria, including the availability of funds, whether the development meets a demonstrated need in the community, the number of housing units, and matching resources (i.e., funds, labor, and materials).

### **Navajo Housing Partnership**

The Navajo Housing Partnership provides housing through funding from private foundations and the Native American Self Determination Act. While largely focused on assisting with scattered housing on the Navajo Reservation, the partnership has built or helped finance approximately 20 houses in Gallup over the last ten years. The partnership also offers a homeownership counseling program to provide education about mortgages, credit history, and financial literacy.

## **C. Issues and Opportunities**

Providing the range and amount of needed housing presents Gallup with some of its biggest challenges. Various housing issues in Gallup have troubled the community for a long time.

### **New Housing and Housing Rehabilitation**

#### **New Housing**

New housing has grown at an average rate of just under 1% per year since 1990. While this rate of growth is slow, it results in a significant increase in the housing stock over time.

A number of factors indicate that there is a greater need for new housing than is currently being met. These indicators are:

- The rate of vacant housing units has been low, even though the housing condition inventory indicates that many houses are not in good condition.
- The number of employees working in Gallup exceeds its population by 9%. A portion of employees who do not live permanently in Gallup would live there if they could find suitable affordable housing.
- The demand for rental housing at various price points is not being met, according to realtors.
  - Market-rate rental housing is one of the housing niches that has significant demand in Gallup.
- The number of houses for sale varies, but is generally low and considered to characterize a seller's market.
- Employers and advocates of economic development state that employees choose not to take jobs and relocate to Gallup because of the lack of available, desirable housing.
- Some residents of motels state that they would move into apartments if they could find them, and apartments rent at a lower cost than motels.
- Gallup Housing Authority maintains a waiting list of 300 applications for their units.
- Chuska Apartments, consisting of 30 units restricted to low- and moderate-income residents and transitional homeless residents, received 500 completed applications when the project opened in 2008.
- Senior housing has high occupancy. According to senior residents, there is a strong need for additional senior housing units and facilities offering a continuum of care, including nursing and medical services.
- Demand for new housing units may not be sufficient for developers to risk building large planned communities; they favor small projects and in-fill.

## Housing Rehabilitation and Renovation

Large numbers of houses in Gallup are in poor and fair condition, as demonstrated by the housing conditions windshield survey. Based on historic household income levels, it appears that a number of property owners need financial assistance for rehabilitation, weatherization and other renovation activities that would save a house from excess energy costs or possibly demolition. In addition, Gallup had a very successful and active housing rehabilitation program in the 1990s. This program was hampered by low limits on the maximum allowed expense per unit, while the need never subsided.

Rehabilitation of sub-standard, affordable housing for very low- and low-income residents is especially in demand. Both owner-occupied and rental units should be addressed. Some of the rental units are owned by absentee landlords who are not adequately maintaining the units.

## Quantified New Construction and Rehabilitated Housing Objectives

The following table shows a breakdown of the need for new and rehabilitated housing in Gallup over a five-year period. It is based on population projections and corresponding housing needs, household income distribution in the community (2000), housing type distribution, range of housing cost burden payments, housing condition inventory and the local housing cost range.

### Exhibit IX-23 Housing Objectives

City of Gallup Quantified Housing Objectives for 2009-2014							
	Income Levels					Total	Portion of Total
	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Above Moderate Income		
<b>New Construction</b>							
Single Family							
Site built			30	35	40	105	37%
Mobile homes/Manufactured housing		4	15	5	10	34	12%
Accessory dwellings (single family-related)	10	2	5			17	6%
Multi-family	52	15	29	15	18	129	45%
<b>Total New Housing Units in 5 Year Period (2009-2014)</b>	<b>62</b>	<b>21</b>	<b>79</b>	<b>55</b>	<b>68</b>	<b>285</b>	<b>100%</b>
<b>Rehabilitation</b>							
Single Family							
Site built	30	30	50	40	80	230	59%
Mobile homes/Manufactured housing		10	20	20	20	70	18%
Multi-family	60	20	10			90	23%
<b>Total Rehabilitated Housing Units in 5 Year Period (2009-2014)</b>	<b>90</b>	<b>60</b>	<b>80</b>	<b>60</b>	<b>100</b>	<b>390</b>	<b>100%</b>
<b>Housing Units in 5 Year Period (2009-2014)</b>	<b>152</b>	<b>81</b>	<b>159</b>	<b>115</b>	<b>168</b>	<b>675</b>	

In the Existing Conditions Element, page III-12, it was calculated that an average of 57 net new housing units must be built per year over a 25-year period to achieve the mid-range population projection of 2.78 persons per household (average household size in 2000). By contrast, 266 net new housing units are needed to support the high range projections.

Over a five-year period, 285 new housing units are needed for the mid-range

population projections and an additional 390 units are targeted for rehabilitation. The objectives were formulated based upon the considerations described below:

- The housing objectives for number of new units reflect a larger share for extremely low-, very low- and low-income housing than Gallup's household income distribution level. Objectives for extremely low- and very low-income housing combined are 29% for new units and 33% of total units, compared to the household income distribution of 23% for extremely low- and low-income residents. This share responds to the demonstrated need based on the Gallup Housing Authority and Care 66 backlog of applications. The low- and moderate-income housing objectives account for 43% of new units and 47% of rehabilitated units, while 29% of the households are believed to be in these income groups. One quarter of the housing objectives are for above-moderate-income households, while half of households are estimated to be currently above the moderate income level.
  - The remarkably high number of applications for Chuska Apartments reflects a demand exceeding the capacity of agencies in Gallup. It may demonstrate frustration with limited housing and employment opportunities within the region. Strategies to increase housing development and economic development on Indian Reservations and in other regional locations would likely reduce any overwhelming demand for low-income housing in Gallup.
- Since rehabilitation is a highly important housing strategy in Gallup, the housing objectives show for every new housing unit, approximately 1-1/3 units should be rehabilitated. Of course, rehabilitation of units for households earning above moderate incomes are not subject to low- and moderate-income loans or grants.
- The distribution of housing types by income levels reflects likely housing development costs and roughly follows the current housing type distribution. Mobile homes are seen as a limited alternative, taking a slightly smaller share than in the 2000 Census. Accessory dwelling units, while not identified in the Census as a distinct housing type, present an important opportunity for affordable in-fill housing.

Some residents of Gallup have expressed resistance to low-income housing projects, based upon the experience that the community has had with a few failed projects developed by Farmer's Home Administration. It is of great importance that all low-income housing projects be well managed. Accompanying the housing objectives for the creation of new low-income housing is a strategy by which the city promotes code enforcement and nuisance abatement. Arrangements need to be made for oversight of all housing projects. Additionally, low-income housing tends to deteriorate less when co-located with housing of mixed income levels.

### **Housing Demolition Program**

The city needs to conduct a demolition program to effect a positive difference in the appearance and level of crime in various neighborhoods. Based on the housing condition survey and city staff knowledge of the community, the need for condemnations of derelict properties is dispersed throughout many neighborhoods in Gallup. The city should work with the New Mexico Mortgage Finance Authority to obtain financial support for either major rehabilitation or demolition.

## **Affordable Housing Programs to be Pursued by the City**

The City of Gallup intends to pursue grant and loan programs to accomplish the following highest priorities:

1. Rehabilitation of housing for low-moderate income rental and owner-occupied
2. Weatherization of housing for low-moderate income rental and owner-occupied
3. Demolition of derelict houses and development of replacement housing
4. Development of infrastructure for selected, project-specific new housing,
5. Broaden participation in Certified Homeownership Counseling Program.

## **Tapping Additional Programs**

Efforts are needed to assure that the city of Gallup, Gallup Housing Authority and other housing providers draw from the most appropriate housing programs to provide housing for low- and moderate-income residents. The New Mexico Mortgage Finance Authority lists in their directory dozens of available programs. Additional work is needed with MFA, U.S. Department of Housing and Urban Development, U.S. Department of Agriculture, and other agencies to identify the most appropriate programs for Gallup.

Programs that the city has currently identified and that it intends to target for its highest priorities are:

1. Housing Rehabilitation
  - **HOME/Rental, HOME/Single Family, HOME/Tenant-Based Rental Assistance, and HOME/Rehab**

HOME is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. NMMFA administers the program in New Mexico. The HOME program distributes financial assistance to states and local governments. This money is used to help low income individuals and families find and keep affordable housing. Funds may be available for gap financing for construction, rehabilitation or acquisition of affordable housing; cash assistance to eligible low-income tenants for security deposits and up to six months rent.
  - **Section 515 Rural Rental Housing Loans**

This U.S. Department of Agriculture (USDA) Rural Housing Service program offers direct, competitive mortgage loans for affordable multifamily rental housing for very low-, low-, and moderate-income families, elderly persons, and persons with disabilities. This program primarily provides direct housing mortgage funding. Its funds may also be used to purchase and improve land and to provide necessary facilities such as water and waste disposal systems.
  - **New Mexico Housing Trust Fund**

The Housing Trust Fund provides flexible funding for housing initiatives that will provide affordable housing primarily for persons or households of low or moderate income. NMMFA administers the program and awards funds on a quarterly basis for affordable housing initiatives. This program currently lacks funding. The city will consider advocating for additional funding of this program at the statewide level so that Gallup can participate.

- **CDBG Minor Home Repair**  
This programs provides assistance to eligible low- and moderate-income homeowners for minor household repairs. No funds are available at this time, and may not be until 2011.
2. Weatherization
    - **NMMFA Weatherization**  
Los Amigos E.R.C. Incorporated (headquartered in Santa Fe, with an office in Gallup) currently serves ten counties in New Mexico, including McKinley County. In its weatherization assistance program, Los Amigos conducts energy audits and takes measures to reduce heating and electric bills. It is not a remodeling program. Los Amigos is currently funded in part by NMMFA, and the city intends to provide in-kind support to Los Amigos as needs arise. Gallup plans to work with Los Amigos to expand the number of houses being weatherized there. In turn, an increase in the number of clients is expected to result in more funding for the Gallup program.
  3. Demolition of derelict houses and development of replacement housing
    - **Use of Various Programs**  
The city intends to work through HOME, Housing Trust Fund, and USDA 515 on a house-by-house basis to rehabilitate qualified housing units. When a qualified house is determined to be in such poor condition that it cannot practically be rehabilitated, the city will move to demolish it with the intent of developing replacement housing through the programs described above.
    - The city also intends to work with Habitat for Humanity or other organizations whose mission includes building housing for low income residents. An ordinance allowing dedication of cleared sites to Habitat and any other organizations will need to be adopted.
  4. Development of infrastructure for new housing
    - **Small Cities Community Development Block Grant**  
The New Mexico Department of Finance and Administration Local Government Division administers the CDBG program, providing essential community facilities and decent housing for residents, promoting economic development, and maintaining a suitable living environment principally benefiting low and moderate income families. The city will apply for funds to provide community infrastructure in support of affordable housing projects.
    - **New Mexico Finance Authority Programs**  
The New Mexico Finance Authority provides the following loan programs that may also support affordable housing:
      - Drinking Water Revolving Loan Fund
      - Local Government Planning Fund
      - Local Transportation Infrastructure Fund Act
      - Public Project Revolving Fund
      - Water and Wastewater Grant Fund
      - Water Project Fund / Water Trust Board

5. Broaden participation in Certified Homeownership Counseling Program.

- **HUD Homeownership Counseling**

Sixteen homeownership counseling organizations are currently funded in New Mexico through MFA to provide counseling to individuals on credit, debt management, housing loan opportunities, home-buyer assistance options, working with banks, and other aspects of financial literacy needed to buy a house. The city will contact one or more of these approved counseling programs to query and perhaps recruit a program to operate at a significant level in Gallup. The city will provide in-kind services to better facilitate program development, such as providing office space, meeting space, introductions to local bankers, and publicizing services (possibly placing a flyer in utility bills).

These and other programs need to be further evaluated for their appropriateness in Gallup. Strategically, the city intends to take the lead in the short term in grant writing, administration of funds received, selection of contractors, and project management to start needed and appropriate housing programs. At the time of writing, economic stimulus programs make additional funds available to prepared and active communities. The city aims to undertake as many as three or four new programs. It is the city's intention that within a few years, the city's role will be reduced and the Gallup Housing Authority will take responsibility to lead efforts to obtain funding and manage the suite of local housing programs. If the Gallup Housing Authority is not able or willing to take on this role, then an alternative agency must be identified.

**Other Housing Programs of High Interest to the Gallup Housing Authority**

The goal of the Neighborhood Stabilization Program from HUD is to purchase existing houses or properties deemed inhabitable and renovate those houses for use by low-income residents. The scattered-site housing units acquired by GHA would be added to its public housing inventory. GHA would like to use this program to acquire some of the former Region 3 properties that are currently vacant. At this time, no funds are available; however, if funding is restored in the future, then GHA is interested in participating in the program.

The sale of public housing units is possible, however, because the difficult HUD process accompanies any sale, demolition is easier.

**Goals of the Gallup Housing Authority**

The Gallup Housing Authority has a goal to increase its stock of public housing to at least 300 housing units.

- GHA wants to build multi-family housing on vacant lots in Sunshine Canyon above the existing subdivision. It envisions duplexes and four-plexes containing a total of 20 to 30 housing units. The project would be of mixed size for low-income residents to comply with the HUD regulations for the deconcentration of poverty.

**Five- to Ten-Year Goals**

- GHA is interested in purchasing and redeveloping some well-built and

maintained privately owned apartment buildings if they become available. For example, Cedar Hills Apartments next to T & T could be a desirable addition to the stock of permanent low-income housing.

- GHA would like to purchase land and build new housing units.

#### High Priority Goals

- Upgrade the GHA program status with HUD to standard or high performance.
- Remodel 100% of the public housing units.

#### Needs of the Homeless

While shelter space has increased over the last five years, indications are strong that the community needs additional beds. It also needs additional affordable apartments that provide an alternative to motel rooms. While some motel residents only need short-term housing which may be best provided in a motel, more suitable affordable housing is needed for long-term residency.

The current shelters for homeless individuals make very limited services available to women. Specifically, there is a need for housing and temporary shelter for women veterans and women with children.

#### Collaboration with Private Nonprofit Housing Providers

Several private nonprofit agencies have been developing affordable housing or assisting low- and moderate-income residents improve existing homes. The role of these agencies is invaluable in Gallup and the city's continuing collaboration with them is very important. Through adoption of an affordable housing ordinance, the city may contract for services with nonprofit agencies and contribute funds or land. It can also work with private nonprofit groups in demolitions, provide support for grant and loan applications, and coordinate street and utility improvements nearby or serving nonprofit projects. The city typically works with nonprofit agencies in processing zoning and building permits, and both parties should look for suitable solutions to code issues when they arise.

#### Housing Credit Problems and Need for Financial Literacy

The greatly limited eligibility of potential home buyers or renters due to poor credit has been cited by all developers, realtors, and nonprofit organizations as a major obstacle in the housing market. An indicator of the general poor credit of housing loan applicants is that, reportedly, only two out of ten loans are approved by a local credit union. Home-buyer training and credit counseling are needed both as immediate efforts to inform prospective home buyers and important long-term regional strategies to address the issue. HUD-certified credit counseling should be staffed in the area to advise on buying a home, renting, default, foreclosure, and all types of credit issues. The city should work with NMMFA to obtain assistance in paying trainers. As well, the city should work with local lenders, NWNMCOG, and nonprofit agencies (including Navajo Partnership for Housing, Incorporated currently offering financial literacy training) to make this training available. High schools and UNM-Gallup should educate students about managing money and credit.

## **Senior Housing**

Senior housing is needed in addition to the existing units in the Ford Canyon senior housing project. Senior independent living housing should be located in or near the core area, either near Downtown or the U.S. 491 Business District, and close to services, or easily accessible by transit to medical services and to senior centers.

There are no assisted living facilities in Gallup. Many seniors move away from Gallup to live in assisted living housing in Albuquerque, Grants and other communities. An additional problem commonly faced by elderly residents is having little alternative to being placed in assisted living facilities close to the children who have moved away. Some elderly residents would prefer to remain in the community, but have little choice.

Gallup has two nursing homes: McKinley Manor (62 beds) and Red Rock Care Center (100 beds).

## **Organizational Capacity for Housing Development**

Greater organizational capacity is needed to stimulate market-rate housing, develop affordable housing, develop senior housing, rehabilitate older housing, and demolish dangerous houses that affect neighborhoods.

- The Gallup Housing Authority is the only significant public housing provider in the community. As reported, the agency has been active in public housing and Section 8 housing voucher programs.
- The Region 1 Housing Authority is no longer operating. The New Mexico Legislature passed legislation in 2009 to reorganize all regional housing authorities in the state through the New Mexico Mortgage Finance Authority. At the time of writing, it is expected that the role of the regional housing authority serving Gallup will be very limited.
- Nonprofit housing providers, including Care 66, Supportive Housing Coalition, Habitat for Humanity, and other groups, should be brought into the city's overall housing strategy, and asked to take responsibility for part of targeted low- and moderate-income housing production and renovation.
- For-profit market-rate housing builders and developers remain the backbone of housing development and renovation in Gallup. Market conditions, including the cost and availability of land, labor, materials and expected profits, are largely beyond the control of the city. City zoning, subdivision regulations, and building permit requirements and fees can add impediments to private housing development. While these factors do not appear to be unreasonable at this time, periodic meetings should be convened by the city with builders and developers to assess impacts of city regulations and fees, and share information on the housing market.

## **Land Development and Growth Management Issues**

### **Land Availability and Costs of Development**

Builders, developers and real estate salespeople have expressed various concerns and varying opinions about the availability and cost of land and utilities, and the cost of labor and materials. Some believe that these market factors have impeded

housing development. As discussed above, all involved parties mentioned that widespread poor credit jeopardizes sales of new housing units and increases the risk for investors and builders that new housing units might remain vacant.

**Cost and availability of land:** A finished lot with utilities and streets typically costs \$20,000 to \$33,000. Using the rule of thumb that land ought to cost no more than 20% of the total house sale value, a house on a \$33,000 lot should be valued at least \$150,000, which is not affordable to low and moderate income households of four, as shown in Exhibit IX-4 on page IX-7.

Several builders have mentioned problems with land availability:

- Land is difficult to find with nearby utilities
- Landowners in some suitable areas do not make their land available or have unrealistic expectations of higher priced land values
- Landowners may be unwilling to partner and share the project risk and rewards with a builder/developer to develop a project

**Cost of utilities and streets:** Typically, utilities and street infrastructure costs over \$10,000 per lot. In some areas, utility installation costs are substantially higher due to the need to excavate in solid rock.

Builders believe that the city should work with builders/developers in cooperative extensions of utilities and streets serving new development areas in order to lower costs and allow for affordable housing. While it is not practical or cost-effective for the city to extend utilities in multiple locations upon request by developers, a strategy to responsibly meet growth needs is a concentrated effort in regional centers, some secondary centers, and one or two high-priority growth areas. Specifically, the city should also work with the New Mexico Mortgage Finance Authority to obtain funding for subsidized or no-cost infrastructure serving high priority, low-income housing development.

**Cost of materials:** Some report that lumber and other building materials sold in Gallup are competitively priced. One mentioned that the cost of concrete is excessively high.

**Cost and availability of labor:** Reports vary on the cost and quality of the construction labor force in Gallup. A builder stated that labor costs are not higher in Gallup and talented individuals are available to build housing, although the availability is not as great as in a larger city. Another builder reported that some local sub-consultants are 10%-20% higher priced than in comparable communities, did poor quality work, and did not meet schedules. Some builders use crews from Grants or Albuquerque.

Reportedly, several licensed contractors in Gallup have not been focused on building new housing, due in part to other seemingly more financially attractive construction opportunities.

Exhibit IX-24  
Vacant Land by  
Sector

City of Gallup Vacant Land Zoned for Residential Uses by Sectors															
Land Area in Acres Reduced Based on Suitability of Land for Development)															
Code Sector	RHZ*	RAD	RAD/ PUD	RATH/ UD	RM3	RM4	RM4/ PUD	RM5	RR	RS1	RS2	RSOD	MH 1 & 2	Total, Not Including RHZ	Total Including RHZ
C-1 Central Business District	130.0				0.1	0.7		6.7			13.5		11.9	32.89	162.9
C-2 Cathedral	20.0	8.7			11.5	9.8	0.2			68.4	69.1	13.3		180.86	200.9
E-1 East End	129.4			2.9	11.1	6.4					46.3		149.2	215.97	345.4
E-2 East Aztec Avenue											10.6			10.61	10.6
E-3 Red Rock Park	NA													0.00	0.0
N-1 Highway 491	150.0				1.3	5.3				0.0		34.8	9.6	51.04	201.0
N-2 Montoya Blvd	142.0				0.0							17.6		17.59	159.6
S-1 Old Zuni Road	400.0				8.0					2.5	10.9		7.1	28.53	428.5
S-2 University of New Mexico	215.4		0.2		0.0				46.9	1.9	19.2	0.2		68.43	283.9
W-1 West Gallup	NA				5.9					15.9	2.7		73.3	97.83	97.8
W-2 Airport	NA										3.7		17.2	20.90	20.9
<b>Total</b>	<b>1,186.8</b>	<b>8.7</b>	<b>0.2</b>	<b>2.9</b>	<b>38.0</b>	<b>22.2</b>	<b>0.2</b>	<b>6.7</b>	<b>46.9</b>	<b>88.7</b>	<b>175.9</b>	<b>65.9</b>	<b>268.4</b>	<b>724.65</b>	<b>1,911.5</b>
<b>Development Capacity Analysis, Generalized for City</b>															
Minimum Lot Size for SF House (Square Feet)	6,000	6,000			none	5,000		2,000	43,560	9,000	6,000	5,000	5,001		
Minimum Lot Size for MF Unit (Square feet)	2,000	2,000			2,000	2,000									
Permitted Residential Uses															
Single Family	P	P	P	P		P	P	P	P	P	P	P	P		
Multi-Family						P	P	C							
Townhouses						P	P								
Duplexes	P	P			P	P									
<b>Total Housing Units</b>	<b>9,693</b>	<b>71</b>	<b>3</b>	<b>32</b>	<b>552</b>	<b>322</b>			<b>35</b>	<b>322</b>	<b>958</b>	<b>430</b>	<b>1,753</b>	<b>2,725</b>	<b>14,171</b>
Notes: 25% land area was reduced for expected streets. RHZ zoned land area was reduced for expected constraints in development and expected non-residential land uses.															

### **Mixed use housing component of future land use and urban design**

Housing is a necessary component of mixed use development envisioned in the regional centers and some secondary centers of the community, as described in the Land Use Element. Mixed income should also characterize mixed use areas, so that no single income level is served or excluded.

Environmentally conservative housing is also an increasingly critical growth management strategy to cut energy use/costs and take advantage of local materials and solar energy.

### **Economic Development Components of Housing Demand**

Housing and economic development have symbiotic relationships in several ways. Economic development that creates jobs is needed to stimulate the housing market. When building a subdivision, a developer is concerned that houses may not sell quickly enough if new jobs are not being created, or if there is little demand by incoming residents. A range of housing types and amenity features is attractive to potential new employers and employees. In addition, employment in housing construction and real estate can be major contributors to the local economy. Some community members are interested in straw bale housing and a modular housing factory to create jobs, although these housing types may not be less expensive.

### **City Land Development Standards - Zoning and Subdivision Regulations**

The land development standards and zoning map shows many positive characteristics intended to accommodate affordable housing and housing rehabilitation.

- Minimum lot size requirements allow for fairly small lots in several zones:
  - 5,000 square feet in the RS-OD zone
  - 6,000 square feet in the RS zone
  - 9,000 square feet in the RS-1 zone (fairly large lot)
  - 2,000 square feet in the RM-5 zone
  - 2,000 to 5,000 square feet in the RM-4 zone
  - 4,000 square feet in the MHP zone.
- Multi-family dwellings under 20 units per acre are allowed in the RM-3, RM-4, and, by conditional use, in the RM-5 zones.
- Multi-family dwellings with a density of 21 to 30 units per acre are allowed as conditional uses in the RM-4 and RM-5 zones.
- Duplexes are allowed in the RA-D, RM-4 and RM-5 zones.
- Accessory dwelling units, limited to 800 square feet, are allowed in all single-family zones.
- Flexible setbacks are allowed in some residential zones to provide for greater utilization of residential lots.
- The city recently adopted an energy and water conservation code.
- The city allows a reduction in the utility hook-up fee for in-fill development.
- No off-street parking is required for existing buildings in the downtown, while off-street parking is required for new development in the downtown.
- Large portions of the city are zoned for small lots or attached housing. Some vacant developable lands and deteriorated properties might be redeveloped in those areas. The Existing Land Use Map and Future Land Use Concept Map show some of the vacant areas, and desired new development and

redevelopment areas.

- Recently annexed undeveloped lands are in the Rural Holding Zone or RHZ. Areas of opportunity that are close to existing urbanized areas, streets and utilities may be rezoned to residential, allowing for additional affordable, as well as market-rate housing development.
- The city conducted an initial study of impact fees to generate revenue from new development for city facilities and services. The development community considered such fees to be a hindrance on housing development and economic development. Incentives have been called for to promote housing development in Gallup. Due to limits on Gallup's fiscal abilities, the city must be cautious and prudent in providing monetary incentives. Impact fees, other fees or tax, or the establishment of special improvement districts may be viable means to raise revenues, some of which can then be used for incentives for development activities, or, conversely, to allow exemptions from such fees for affordable housing.

Some changes to zoning and subdivision regulations might provide incentives or encouragement to build the types of housing needed in the community. Consideration should be given to amending the land development standards to address these issues:

- Evaluate the land development standards to determine if changes are needed to further encourage housing in Downtown, the U.S. 491 Business District and other centers. ADA and building code provisions should be examined to assure compliance, while working with property owners to arrive at creative solutions.
- Planned Unit Development (PUD) regulations currently require underlying zoning district dimensional standards. These regulations should be changed to allow for lot sizes, attached housing density and other dimensional requirements to be established through the PUD agreement.
- Evaluate the code to see if incentives should be added for higher density, walkable communities, including possible reductions in parking and setback requirements.
- Consider allowing an increase in the square footage of accessory dwelling units.

## **D. Goal, Objectives and Policies**

**Goal: Ensure the provision of safe, quality and sustainable housing for all Gallup citizens**

- 1. Balance the development of new housing by housing types and income levels in the city as a whole**
  - a. Promote development of housing units to meet the targets set in the quantified housing objectives stated in the Housing Element.
    - Identify areas suitable for market-rate housing rehabilitation and new development, seek funding from identified additional funding programs that meet highest priorities for affordable housing, and implement amendments to the land development standards.
  - b. Periodically review and update the quantified housing objectives, as new information about housing needs becomes available.

- c. Work with the Gallup Housing Authority and private nonprofit housing providers to develop housing for low and very low-income residents.
- d. Promote mixed income housing in individual projects as well as in the cumulation of housing projects in and near the downtown.
  - Encourage private developers to provide some housing units that are affordable to low income residents, evaluate land development standards in the downtown, and work with nonprofit housing organizations on affordable housing downtown.
- e. Work with private, nonprofit housing providers to develop more low- and very low-income housing, particularly in attached housing.
- f. Promote private, market-rate in-fill residential development and new subdivisions on lands suitable for urban development located adjacent to existing developed areas.
- g. Encourage landowners who retain possession of vacant lands suitable for urban development to develop or sell lands in adequate quantities to meet residential land development demand.
- h. Conduct further study of the housing component of the U.S. 491 Redevelopment Concept Plan to develop a more detailed plan and program for the housing locations, density, housing types, and mix of incomes to be accommodated.
- i. Continue to examine and make adjustments as needed to city zoning, permit fees and policies for joint public-private utility extensions to areas targeted for new residential development to assure that the city is not creating unreasonable financial barriers to private, market-rate housing development.
- j. Encourage energy conservation, alternative energy use, and green building practices in all new residential construction and in weatherization and building rehabilitation.

## **2. Promote housing renovation and weatherization**

- a. Establish one or more programs providing financial assistance for renovation and weatherization of existing houses targeted to low- and moderate-income residents.
  - Target HOME, CDBG and/or other specific housing programs, as selected to be most appropriate through consultation with MFA.
  - Establish city grant and loan application writing and administrative functions in the short term to aggressively pursue available funding.
  - Develop a schedule and protocol with Gallup Housing Authority to turn over grant and loan writing and administration responsibilities to the Gallup Housing Authority.
- b. Distribute information on cost savings, energy efficiency and water efficiency that can be achieved through home improvements.
- c. Publicize the housing conditions inventory and promote higher levels of maintenance and renovations of existing houses in residential areas with significant needs, distributed throughout the community.
- d. Periodically update the housing conditions inventory to benchmark changes in the condition of the city's housing stock.
- e. Expand the role of Gallup Housing Authority to conduct renovation and

- other programs.
  - f. Expand the role of Los Amigos to conduct additional housing weatherization.
- 3. Develop a program to remove derelict houses and build replacement housing units in various locations within the community**
  - a. Establish a fund, legal procedures, and a target number of units and locations within the city, following best practices successfully used in peer communities.
- 4. Promote full renovation and occupancy and an increase in the number of public housing units in the city**
  - a. Encourage the Gallup Housing Authority to maintain and upgrade its public housing stock, including requesting the Gallup Housing Authority to give periodic update reports to the City Council.
  - b. Provide letters of support for grant or loan applications by the Gallup Housing Authority, assist in local match to grants where feasible, and possibly provide grant writing assistance.
  - c. Assist the Gallup Housing Authority in the processing of rezoning applications, building permits, and provision of utilities, streets and sidewalks to new development projects.
  - d. Encourage the Gallup Housing Authority to reach its goal to increase its housing stock through new development and selected apartment building acquisition.
  - e. Encourage the Gallup Housing Authority to expand the Section 8 voucher program.
  - f. Focus the Gallup Housing Authority on expanding its offering of services through applications to additional housing programs deemed to be appropriate and suitable in Gallup.
  - g. Work with the regional housing authority, as reorganized on a statewide basis.
  - h. Apply for grant and loan funds to provide subsidized or no-cost utilities and street infrastructure for low-income housing.
- 5. Provide a limited increase in transitional housing and homeless shelter development**
  - a. The city shall provide letters of support for grant or loan applications by private nonprofit housing providers, assist in local match to grants where feasible, and possibly provide grant writing assistance.
  - b. Work with owners of motels that provide housing to very low-income residents to assure residents have knowledge of associated social services and that the units and complexes are safe.
- 6. Work with local financial institutions, UNM-Gallup, the school district and nonprofit organizations to conduct financial literacy programs for home buyers, offered at high schools in Gallup, UNM-Gallup and for members of the general public**
  - a. Seek to work with a currently certified HUD homeownership counseling

service to aggressively address the problem of widespread poor credit.

- 7. Work with homeless services providers to create and publicize a directory of available housing alternatives and services for homeless**
  - a. The directory shall be regularly updated through the initiative of a coalition of transitional housing providers.
  
- 8. Continue to improve the quality of life and municipal services provided by the city to strengthen neighborhoods and encourage builders to develop needed housing in or adjacent to these neighborhoods**