

**Joint Economic Committee**  
**Rebuilding the American Dream: Policy Approaches to Increasing the Supply of Affordable Housing**

Written Testimony by Jenn Lopez

Jan 17, 2024

**Introduction**

Chair Heinrich and members of the Committee, thank you for the opportunity to testify today. My name is Jenn Lopez and I'm President and Founder of Project Moxie, a consulting firm that helps nonprofits, governments, and private sector partners acquire, preserve, and build affordable housing. I will be focusing on my work in the Southwest over the last several years; highlighting real world examples of challenges to developing and preserving affordable housing. I will conclude with federal housing policy considerations.

My experience in New Mexico began in 1997 as a graduate student at the University of New Mexico. After focusing on community development, I took my first job as a housing planner in Santa Fe in 2000. For the last two decades I have had the opportunity to work throughout New Mexico and Colorado to increase affordable housing supply.

Over the past two decades, housing development in the Southwest, particularly in New Mexico, has fallen behind the growing needs of families. Building activity slowed significantly after the Great Recession, with housing stock increasing by only 10% from 2011 to 2019, a notable decline from the 30% average since the 1970s. Factors contributing to this slowdown include builder and lender reluctance due to market conditions, a chronic labor shortage in the construction industry, and a shift in the housing industry towards catering to higher-income households. <sup>1</sup>This imbalance is reflected in a substantial 70% increase in rent in New Mexico since 2017, while wages have only grown by 15%.<sup>2</sup>

***As market rate development has slowed; our industry's efforts to address supply at the local level have been met with various obstacles including burdensome land use regulations, intense competition with market rate players, and insufficient federal funding to undertake projects.***

Throughout the Southwest, local land use policies pose significant obstacles to increasing our affordable housing supply. Even when the focus is on redeveloping existing commercial properties, the local regulatory processes can extend the timeline and increase project costs by hundreds of thousands of dollars. For example, in Santa Fe, the Anchorum Health Foundation

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<sup>1</sup> "2023 New Mexico Housing Needs Assessment. Prepared by the New Mexico Mortgage Finance Authority."

<sup>2</sup> "Spotlight: Homelessness Supports and Affordable Housing, May 23, 2023. Program Evaluation Unit, Legislative Finance Committee, New Mexico."

spearheaded the redevelopment of a motel in late spring of 2021, yet we are still awaiting final approvals from the local land use department. This situation is not unique; in fact, Albuquerque, New Mexico, recently initiated *Housing Forward Albuquerque*, aiming to allocate resources for the redevelopment of commercial properties while also eliminating land use barriers to affordable housing development.

***The competition within the private market for scarce resources and a shift towards higher-end real estate products limits our ability to compete in the market to generate or maintain a supply of affordable housing.***

This challenge is particularly pronounced in Northern New Mexico, where private developers are acquiring valuable real estate and reducing the availability of sites for affordable projects. Moreover, preserving existing housing becomes impossible when competing against private investors when our communities lack sufficient funding or capacity.

In the past year, a collaborative effort involving stakeholders, including representatives from the New Mexico Delegation, worked diligently to safeguard a USDA-funded rental community named La Vista Del Rio in Espanola. Due to the structure of the USDA program, the property owner was permitted to sell this community to private investors without incurring penalties. Regrettably, this marked the second instance of a USDA property being sold to investors in less than 15 months in Espanola, resulting in the displacement of over 100 households and a permanent loss of 145 affordable units. Access to tax credits and federal funding sources would have facilitated preservation and redevelopment of these properties.

***Ultimately, the challenge lies in the insufficient availability of federal funds posing a significant obstacle to scaling affordable supply to meet the needs of the tens of thousands of cost burdened New Mexicans.***

Without a doubt, the stark reality is that if the market cannot provide affordable housing in New Mexico, renowned for its lower building costs, then accomplishing this feat anywhere is unlikely. In 2023 the New Mexico Mortgage Finance Authority (MFA), as the state allocating agency, financed 1,415 new affordable rental units.<sup>3</sup> At this current rate, we are meeting less than 1% of the current need.

In practical terms, this translates to communities like Socorro enduring prolonged waits before they can embark on affordable housing development. Since 2018, Maryann Chavez-Lopez has tirelessly lobbied for resources for a 30-unit project, invested her own limited funds and submitted multiple applications for tax credits. Further delays ensued when gap funding was

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<sup>3</sup> "2023 New Mexico Housing Needs Assessment. Prepared by the New Mexico Mortgage Finance Authority."

inadequate. Finally, the project closed on financing last month and is set to open its doors in 2025, marking an eight-year journey since its inception in 2018.

Local governments throughout New Mexico are stepping up with new resources to facilitate production as quickly as possible and better deploy federal resources. In Las Cruces, their recent housing investment strategy is committing 16 million in city funds to create 633 affordable rental units over the next few years.

***Our industry knows how to increase housing supply, but we cannot be successful without increasing federal resources and providing incentives for land use reform at the local government level.***

I'd like to pivot to some promising policy work in Colorado. Governor Polis and the State legislature have been piloting ways to package land use reform, funding, and technical assistance to increase housing supply. For instance, in 2021 Colorado passed HB21-1271 that provides grants to local governments willing to remove land use barriers to affordable housing. This legislation also provides technical assistance to local governments to help implement these initiatives.

Another example is Colorado's Proposition 123. This voter referendum in 2022 established a 300-million-dollar housing trust fund that provides more flexible uses and complements existing federal resources. For a local community to access funding, they must commit to increasing their housing stock by 9% and implement fast-track approvals by 2026. We are in the early days of this initiative, but most communities opted into this program. This incentive-based approach has changed land use reform conversations throughout Colorado. What has often been discussed theoretically for years is now becoming an actionable priority for local governments.

In summary, our industry can swiftly scale our efforts; however, the pivotal factor is the federal government significantly increasing federal resources and considering ways to support local land use reforms. I urge you to consider pairing these practices to bolster our overall economy. When we provide affordable housing, we house our local workforce, create jobs; and stabilize our communities. On behalf of our New Mexico communities; we appreciate your consideration of these suggested solutions.