

**ISSUE: : INCREASE THE AVAILABILITY OF HOUSING IN THE COUNTY, BOTH AFFORDABLE AND AT MARKET RATE**

**WHY DOES THIS MATTER?**

There are several reasons why the number of housing units in the county needs to be increased. In many ways, housing is a linchpin issue as other of the key economic issues we face are highly interrelated. In LACDC's research with business in the community the availability (selection) and perceived value of housing in the community is seen as an important issue because of the impact on the cost and availability of workforce. Due to limited supply and high demand, the cost of housing has escalated to twice the state average. Middle income workers, such as public school teachers and law enforcement officers, have a difficult time purchasing a home in our community. LANL has stated it has a difficult time recruiting younger workers due to the selection and cost/value perceptions as well as the absence of other community amenities. In order to diversify the economy, housing will be needed for the employees of the new enterprises which would create the diversification.

In addition, changing demographics are reducing the number of housing units available for the Los Alamos workforce. An aging population means a reducing household size. Doing the math, the reduction in household size from 1990 to 2000 meant that the increase in housing built in the community during that time was completely absorbed just to maintain a constant population. A continuation of that trend would mean that we need to add 30 houses per year just to maintain a static population level.

The county's population has remained static for almost 20 years. This works against supporting the growth of existing retail establishments and capturing the interest of retailers who might locate here in the future. The ideal for retailers is a growing market in which there is

**LACDC's Objective...**

■ LACDC's mission is *enabling viable community through a sustainable economy*. The objective of LACDC's efforts is to achieve a sustainable Los Alamos economy, without compromising the area's quality of life. Sustainability implies the means to weather the expansions and contractions of Los Alamos National Laboratory (LANL) operations, and in particular its core national security mission. For the foreseeable future, Los Alamos will, nonetheless, depend on LANL as the foundation for the local economy. The objective is therefore comprised of two goals: 1) Support LANL's ability to maintain its vitality: its general health, global competitiveness, and internal diversification; and 2) Promote economic diversification apart from LANL. If achieved, these goals will yield increased job opportunities and security; an enhanced tax base; and provide for needed County services. The net result will be a better quality of life and a more vital community.

■ LACDC's "Our Town: Local Economics 101" comprises a series of **Issue Snapshots** which survey a range of viewpoints on economic sustainability issues for the Los Alamos/White Rock communities and **Position Papers** which present the viewpoint of the LACDC/Chamber relating to the issues. A complete overview of the series is available on the web at [www.losalamos.org/lacdc](http://www.losalamos.org/lacdc)

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growth and some churn in the customer base they serve.

While LANL certainly generates a large amount of wealth, Los Alamos County is only benefiting from a small portion of it. The lower the percentage of workers commuting from outside the county, the greater our community's potential for capturing a greater share of the benefits of having LANL in the community.

## WHAT ARE THE CHALLENGES?

The principal challenges to economic sustainability in Los Alamos are availability of land and/or adequate space, availability of qualified workforce, and the effects that these two factors have, in combination, on the cost of doing business in the community. These constraints limit the ability to keep successful businesses in Los Alamos as well as attract new businesses.

Relative to the issue of increasing the availability of housing, a key challenge is identifying land upon which new housing can be developed. With respect to “affordable” housing, the high market value of buildable land because of scarce availability is another challenge. Although there is finally the prospect some lands coming to the County from the land transfer process, there are legitimate differences of opinion about the appropriate uses for these lands. Competition for uses means that some or all of these lands will not be considered for addressing future housing needs.

Infrastructure to support increased housing is also an important limiting factor. Things like the capacity of the sewer plant, electrical system, water system, roads, and schools all must be considered. In preparing the report, “Creating a Sustainable Los Alamos,” Bill Fruth of Policom interviewed representatives of Los Alamos County and Los Alamos Public Schools to get a sense of the capacity of infrastructure to support additional housing. The conclusion was that “...while the exact capacity of the various systems is not known, it would be reasonable to assume a population increase to approximately 25,000 people will not place a significant burden on the existing infrastructure.” This conclusion will certainly require close study when considering potential future development. Both the scope and the location of future development will have to be considered in evaluating the viability of the supporting infrastructure.

## HOW CAN THE COMMUNITY HELP?

Do we currently need more housing in Los Alamos County? Some would argue that recent soft periods experienced in the residential real estate market means that we do not. However, LACDC would submit that the short-term housing market is not the issue. Presuming that the Laboratory situation that has led to the soft market periods will eventually stabilize and that we want to pursue economic diversification initiatives and increasing retail opportunities, we will need the capacity to increase the housing supply and population of Los Alamos. LACDC's position is that we need to identify appropriate lands for potential housing development in the event that demand for additional housing materializes. We should have a goal

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of allowing for an increase in housing to allow for a modest increase in population to about 25,000 people over the coming fifteen years.

The key will be to put suitable land “inventory on the shelf” and always have “inventory on the shelf” until the goal is achieved. The market for housing will determine whether we will ever need to use and replenish some of this inventory. We do not need to have the entire inventory available right now, but we should always try to have inventory to work with.

Where would this land be located? LACDC sees two primary sources of land to satisfy potential future housing demand. Land being transferred from DOE to the County is one of these. The New Mexico First Townhall sponsored by Los Alamos County evaluated the needs and the attributes of transfer lands and has provided several consensus conclusions about which of these lands is most appropriate for housing (You can read report at the LACDC website at [www.econ101.info](http://www.econ101.info)).

A second place for substantial numbers of housing units is downtown Los Alamos as part of mixed-use development. LACDC has been a champion of changing the rules governing development in the downtown area to enable the potential for redevelopment that is both profitable for the owners of the downtown property and can address needs for space for additional commercial and housing development. The result has been a series of collaborations that have produced a downtown plan and code that have been enacted. A first rezoning of downtown property has been completed and there are multiple projects being conceived that would create investment in redevelopment that could include housing. Our County Council has established goals for public investment in downtown redevelopment from the self-sufficiency fund that will greatly improve interest in redevelopment projects.

The decision by the County Council to begin marketing transfer lands for both reasonably priced housing and commercial use in a manner that is consistent with the recommendations that came from the Townhall process. This is important to addressing housing issues as well as economic diversity issues. LACDC advocates the County evaluating offering lands that are appropriate for housing at lower than market value to “buy down” the cost of housing that would be constructed there to well below market levels. The County has the ability to do this, where the schools cannot and private property owners will not. The benefit of the lower land price would be passed on to the homebuyer. The transaction could include a right-of first-refusal to buy back a property at the original sale price plus inflation rate once a homeowner decided to sell it to move up or on. Using such a mechanism would provide for development of quality housing at reasonable prices and for continuing affordability

By these approaches, we believe that the population will increase, raising the number of “retail” opportunities, LANL and other employers will have improved housing opportunities for their workers, middle income workers will have increased opportunities to for reasonably priced housing, housing can be developed as needed to support economic diversification initiatives, and the tax base supporting local

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governments will increase.

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