

City of Farmington
HOUSING AFFORDABILITY REPORT
for
The City of Farmington
The City of Farmington Metropolitan Statistical Area
and
San Juan County New Mexico

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1. Purpose

The purposes of this report are to determine the affordability of housing in Farmington and San Juan County, and to serve as a resource document for policy makers on the issue of affordable housing.

2. Executive Summary

The comparison of the wage and income data with housing cost data shows that in the Farmington Metropolitan Statistical Area (MSA) and in San Juan County, the median family income cannot afford the median home price. Rental housing is affordable to the median family but some socioeconomic groups may not be able to avoid overcrowding in the rentals that they can afford. Housing and rental costs have increased at a faster pace than incomes, and income growth in Farmington has not kept pace with other MSA's in the state. In 1990, Farmington had the highest average wage between Albuquerque, Farmington, Las Cruces, and Santa Fe. In 2004, Farmington was third.

3. Data Bytes

These data bytes are individual statistics of interest and are based upon data researched and documented in this report.

- a. Ownership of the median single family home is not affordable for the median family income.
- b. Based upon the median income, Native American and Hispanic families, which account for 45.5% of all households, cannot afford to purchase a home, townhome/condo, or mobile home.
- c. In San Juan County from 2001 to 2005, wages have increased 14.6%, while rent has gone up 29.3% and housing prices have gone up 39.7%.
- d. Of all households in rental housing, 32.8% spend 30% or more of their monthly household income on rent.
- e. Of all of the growth in the state, from 2000 to 2005, 97.9% of it occurred within the MSA's of Albuquerque, Farmington, Las Cruces, and Santa Fe.
- f. Of the four MSA's in New Mexico, the Farmington Metropolitan Statistical Area (MSA) had the highest percent increase in population from 2000 to 2005, 10.9% and the lowest percent increase in wages.
- g. In Farmington, as the median price per square foot for home sales has climbed from \$69.44 to \$112.15 from 2001 to September 2006, the median size in square feet of homes has dropped from 1,702 to 1,556.
- h. The median price of town homes and condos has increased 70.8% in Farmington and 74.1% in SJC from 2000 to September of 2006.
- i. The median price for mobile homes on a permanent foundation in Farmington have fallen 6.5%, from 2000 to September of 2006 but in SJC, the median price has climbed 57.1%.
- j. Four bedroom rental units showed a 140% increase in the median rent between 2000 and 2006.
- k. The total number of all rental units available declined by 66% from 2000 to 2006.

- I. One bedroom rental units had the least percentage increase of all rental unit sizes, 27.8%

4. Population and Growth

- a. The Bureau of Business and Economic Research of the University of New Mexico (BBER) released new population data in March of 2006.

Table 1 below shows the Farmington Metropolitan Statistical Area (MSA) had the highest percent increase from 2000 to 2005. The numeric population change of 12,407 was greater than Santa Fe's 11,567. This shows the Farmington MSA gaining ground on the Santa Fe MSA. Another interesting part of this table is the great difference between the State's four Metropolitan Statistical Areas and the Nonmetro portion. Of all of the growth in the state, from 2000 to 2005, 97.9% of it occurred within the MSA's of Albuquerque, Farmington, Las Cruces, and Santa Fe.

Table 1

Total Population Estimates and Population Change New Mexico Metropolitan Statistical Areas, 2000 to 2005 April 1, 2000 to July 1, 2005				
County	April 1, 2000 r/ Population Estimates Base	July 1, 2005 p/ Estimate	Numeric Change	Percent Change
New Mexico	1,819,046	1,928,384	109,338	6.0
Metro Portion 1/	1,147,424	1,254,447	107,023	9.3
Albuquerque MSA 2/	729,653	797,940	68,287	9.4
Farmington MSA 3/	113,801	126,208	12,407	10.9
Las Cruces MSA 4/	174,682	189,444	14,762	8.5
Santa Fe MSA 5/	129,288	140,855	11,567	8.9
Nonmetro Portion 1/	671,622	673,937	2,315	0.3

p/ Preliminary.

r/ Revised.

Source: U.S. Dept. Of Commerce, Bureau of the Census, Population Estimates Program

Data released March 16, 2006.

Table prepared by: Bureau of Business and Economic Research, University of New Mexico.

- b. Table 2 shows population growth comparisons in San Juan County. The County overall, Farmington, Aztec, Bloomfield, the portion of the Navajo Reservation in SJC, and unincorporated areas outside of the Navajo Reservation are all shown. The numeric increase, the total percentage change, and the annual growth rate are shown along with the data for 2000 and 2005. The 2005 population for the portion of the Navajo Reservation in SJC is a linear projection based upon the available 1990 and 2000 census data. The percentage and growth rates show that the City of Farmington has grown the most, and the unincorporated areas have the second highest rate of growth. The Navajo Reservation and Aztec have grown the least.

Table 2

Population Growth Comparisons in San Juan County						
	1990	2000	2005	Increase	Total % Change	Annual Rate of Growth
County*		114,228	126,208	11,980	10.49%	2.02
Farmington*		38,466	43,161	4,695	12.21%	2.33
Aztec*		6,504	7,084	580	8.92%	1.72
Bloomfield*		6,738	7,442	704	10.45%	2.01
Navajo Reservation In SJC **	20,902	23,639	25,139	1,500	6.35%	1.24
Unincorporated Outside of Navajo Reservation***		38,881	43,382	4,501	11.58%	2.22
*Data found on BBER web site, released by US Census June 21, 2006. Population #s from July 1 estimates for each year.						
** US Census Bureau data						
Total % Change is the percent change in population from 2000 to 2005						
Annual Rate of Growth is the % multiple for each year from 2000 to 2005 rounded to two digits.						
***Unincorporated Outside of Navajo Reservation is the San Juan County total population minus the three cities and minus the portion of the Navajo Reservation located within SJC. The 2005 population value for the Navajo Reservation in SJC is an estimate based upon the annual rate of growth from 1990 to 2000. The 1990 and 2000 populations are from Centennial Census Tract data, 100% sample.						

5. Housing Costs

CDBG Staff consulted two sources of information on the cost of housing purchases. The San Juan County Assessor's Office provided data based upon reported sales of residential property and the San Juan County Board of Realtors provided housing sales data from the Multiple Listing System.

a. County Assessor's Records

Information on single-family residences, mobile homes, and town homes and condos were provided for the City of Farmington and the County. The Assessor's Office was careful to point out a limitation of their data is that they only get the data reported to them, that in 2004 a new law required a higher level of reporting. Prior to 2004, there is a lower percentage of total sales represented in the data.

Chart 1 shows the average and median sales prices of single-family homes in the City of Farmington and the percent change in price from 2000 through September 2006. Chart 2 shows the same information for San Juan County as a whole. Both Chart 1 and Chart 2 show a steady increase in prices and significant spikes in the median price in 2002 and 2005.

Chart 1

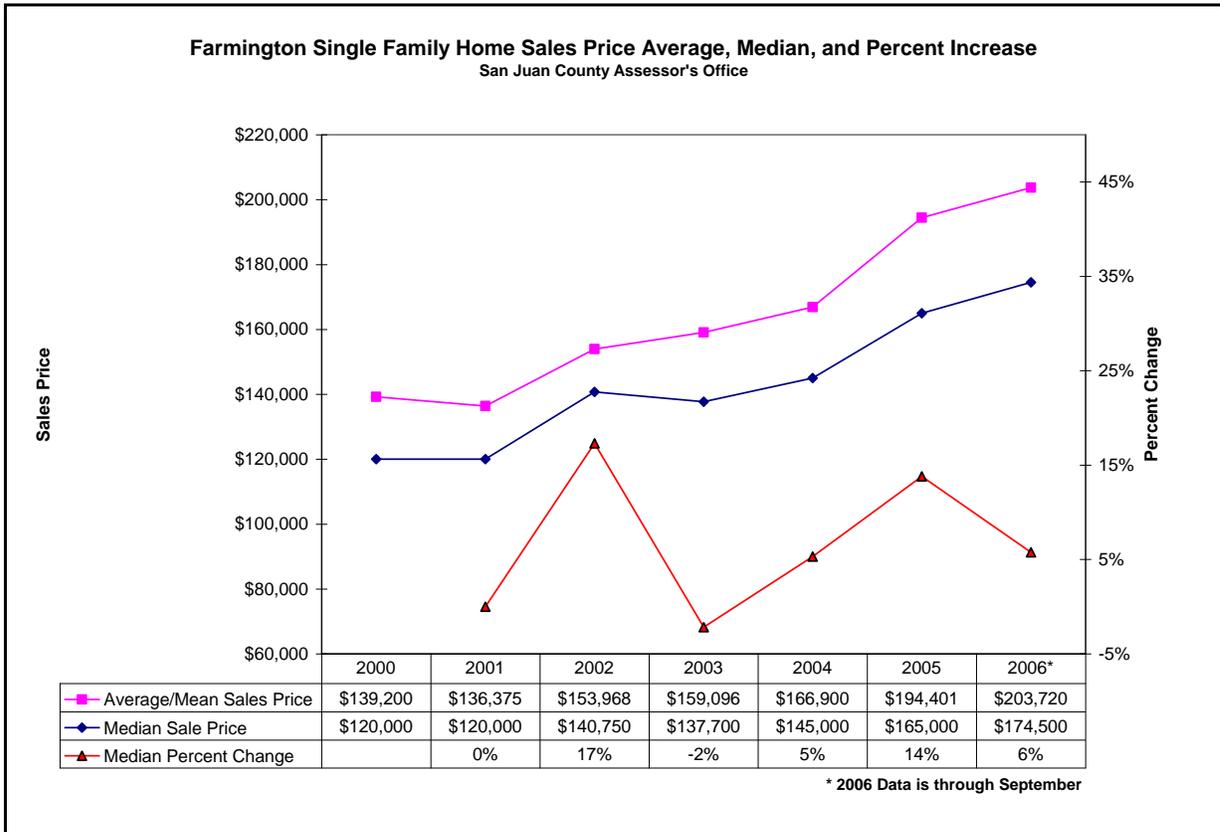
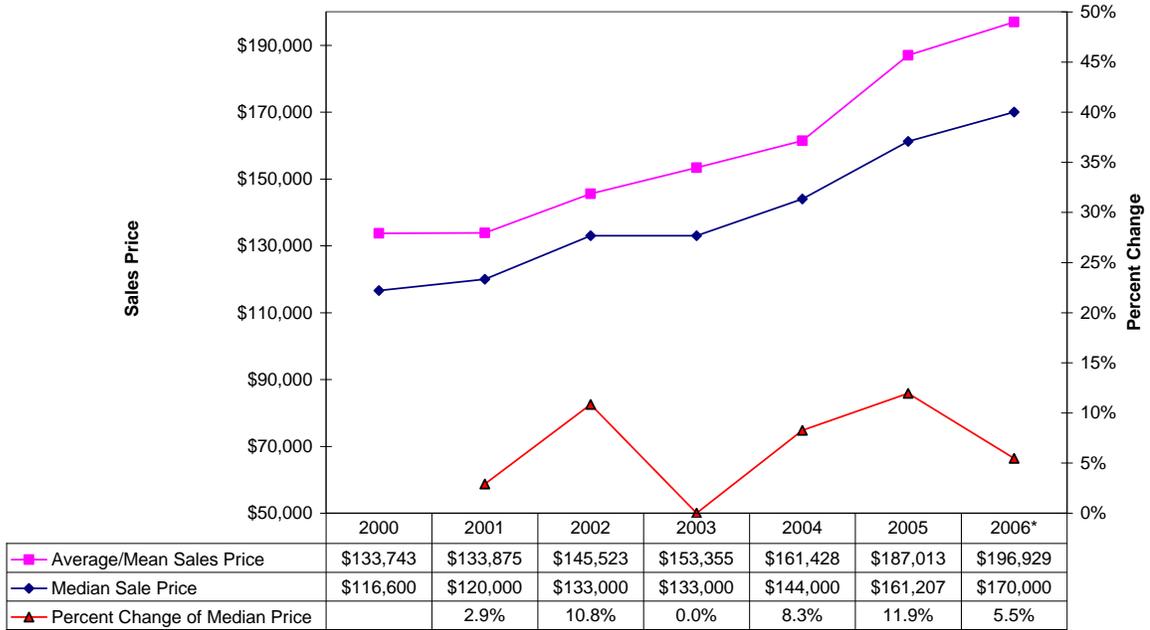


Chart 2

San Juan County Single Family Residence Sales Price Average, Median, and Percent Change
 San Juan County Assessor's



* 2006 Data through September

Chart 3 shows the median price per square foot and the median size in square feet for single-family residences in both Farmington and SJC. The chart shows diverging lines. In Farmington, as the median price per square foot has climbed from \$69.44 to \$112.15, while the median size in square feet of structures has dropped from 1,702 to 1,556. The median price per square foot has ranged approximately 30% to 40% higher in Farmington than in SJC.

Chart 3

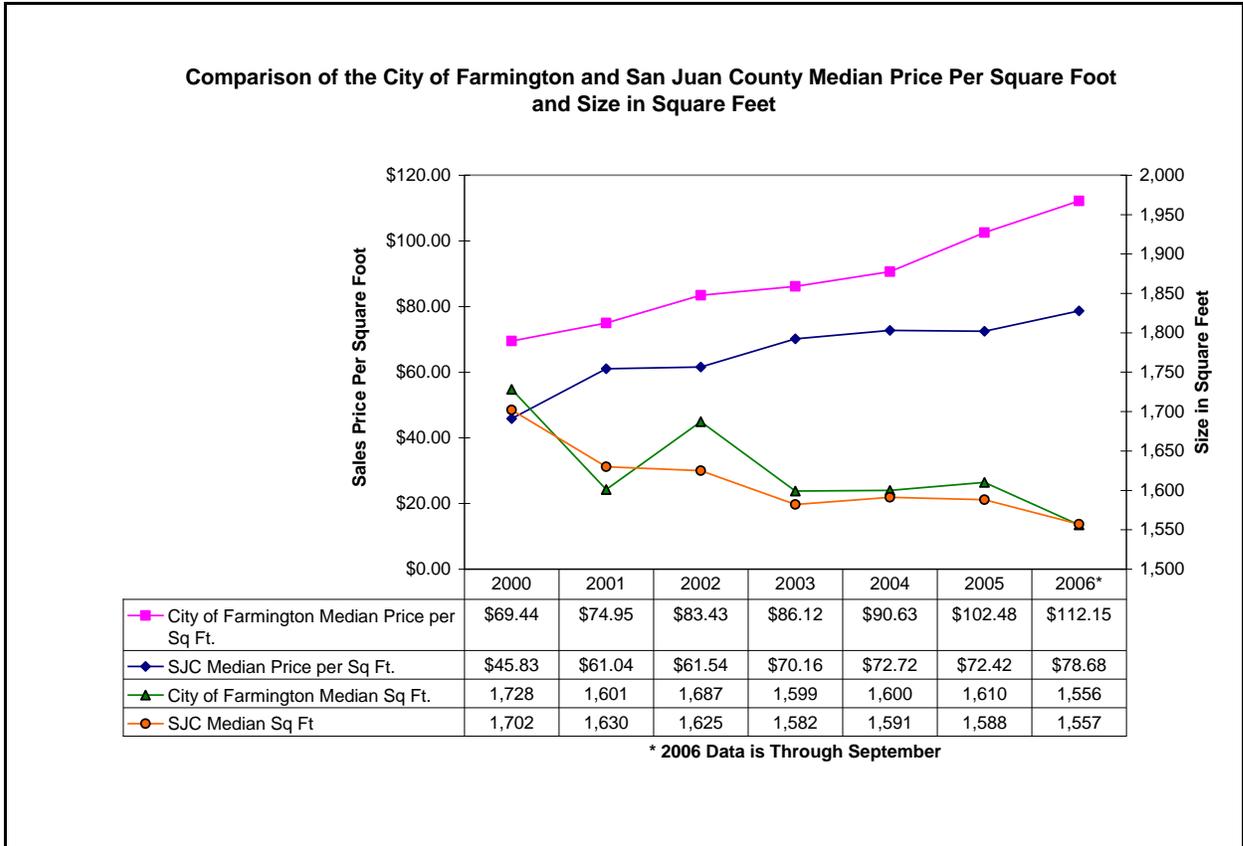


Chart 4 shows a comparison of the median price per square foot and the median size in square feet for town homes and condos and for mobile homes on permanent foundations in Farmington. The median sales price and the price per square foot for mobile homes on permanent foundations have not increased as much or as consistently as town homes and condos.

Chart 4

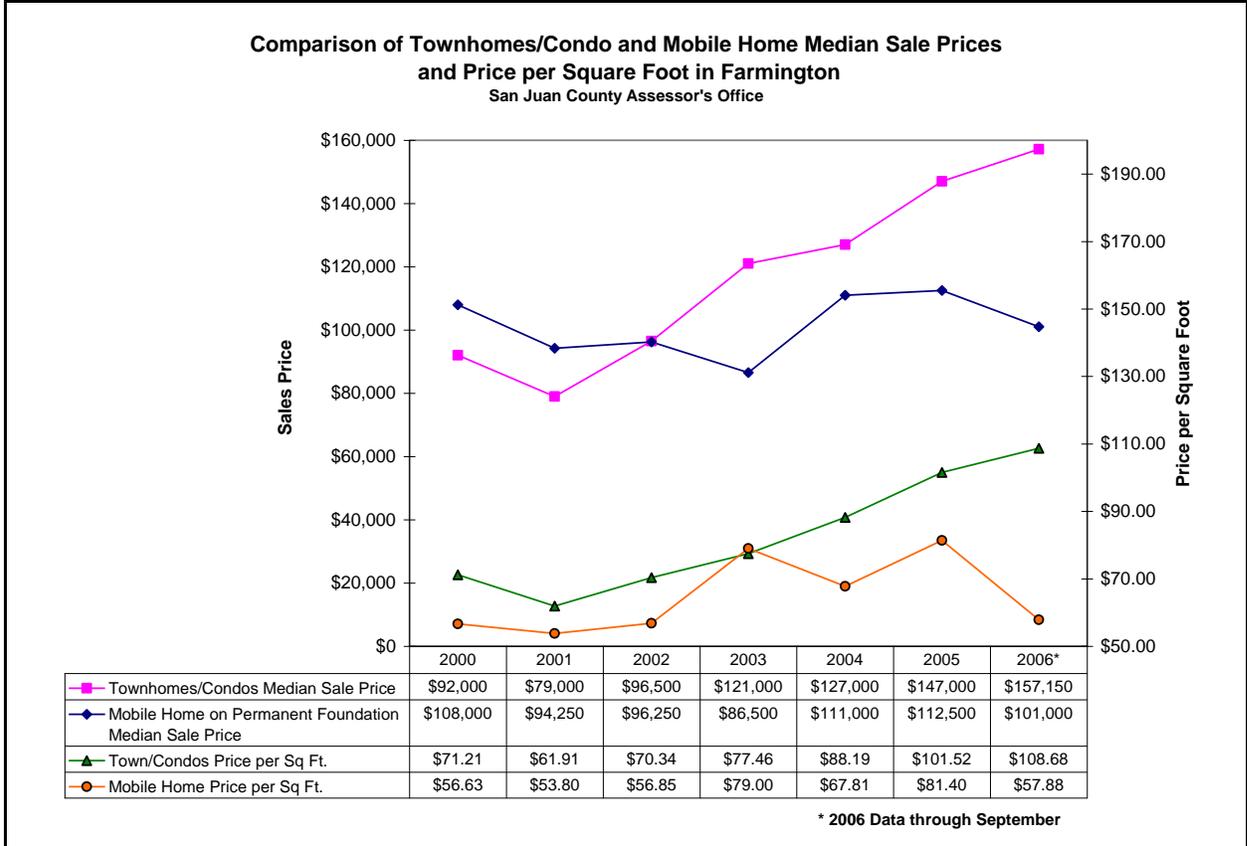


Chart 5 and Chart 6 show comparisons of the median sales prices of single-family residences, town homes and condos, and mobile homes on permanent foundations, for the City of Farmington and for San Juan County. The median price of town homes and condos has increased 70.8% in Farmington and 74.1% in SJC from 2000 to September of 2006. The median price for mobile homes on a permanent foundation in Farmington have fallen 6.5% in the same period, but in SJC, the median price has climbed 57.1%. The difference in typical lot areas between the City and County may have some factor in this large difference.

Chart 5

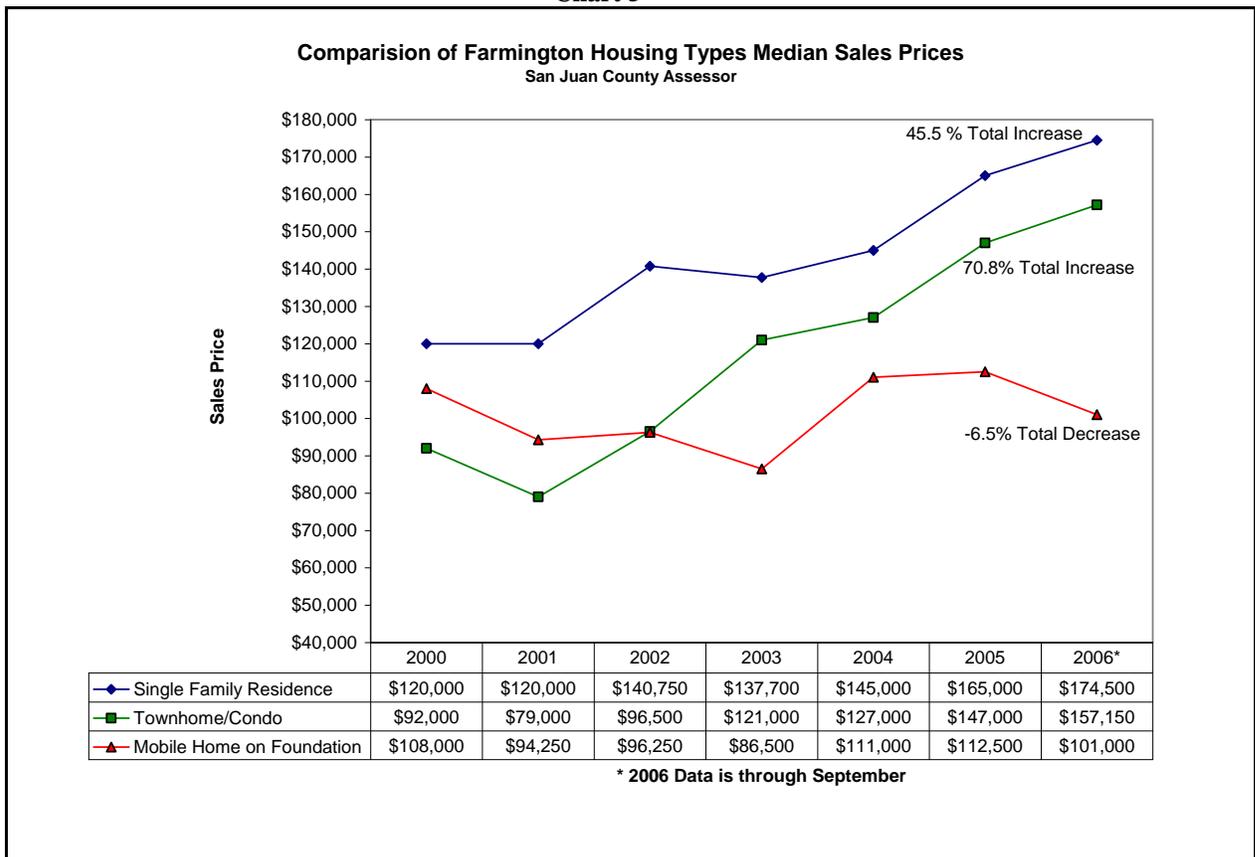
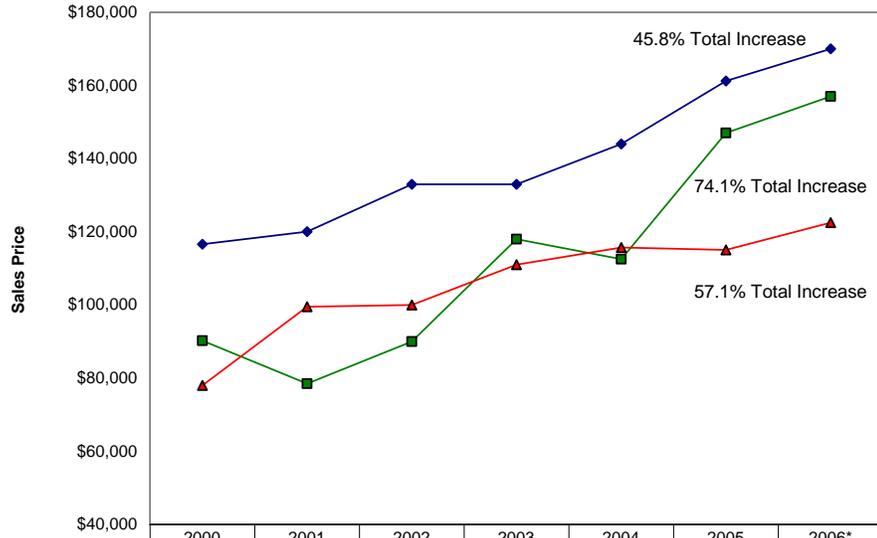


Chart 6

San Juan County Comparison of the Sales Prices for Single Family Residences, Townhomes and Condos, and Mobile Homes on Permanent Foundations



	2000	2001	2002	2003	2004	2005	2006*
◆ Single Family Residence Median Sale Price	\$116,600	\$120,000	\$133,000	\$133,000	\$144,000	\$161,207	\$170,000
■ Townhome/Condo Median Sale Price	\$90,200	\$78,500	\$90,000	\$118,000	\$112,500	\$147,000	\$157,000
▲ Mobile Home Median Sale Price	\$78,000	\$99,500	\$100,000	\$111,000	\$115,700	\$115,000	\$122,500

* 2006 Data is through September

b. San Juan County Board of Realtors Sales Data

The San Juan County Board of Realtors provided information on the number of residential units sold, the average, and median sales prices in San Juan County through their Multiple Listing Service. In 2003, a new computer system was used for this information and so the median price was unavailable prior to 2003.

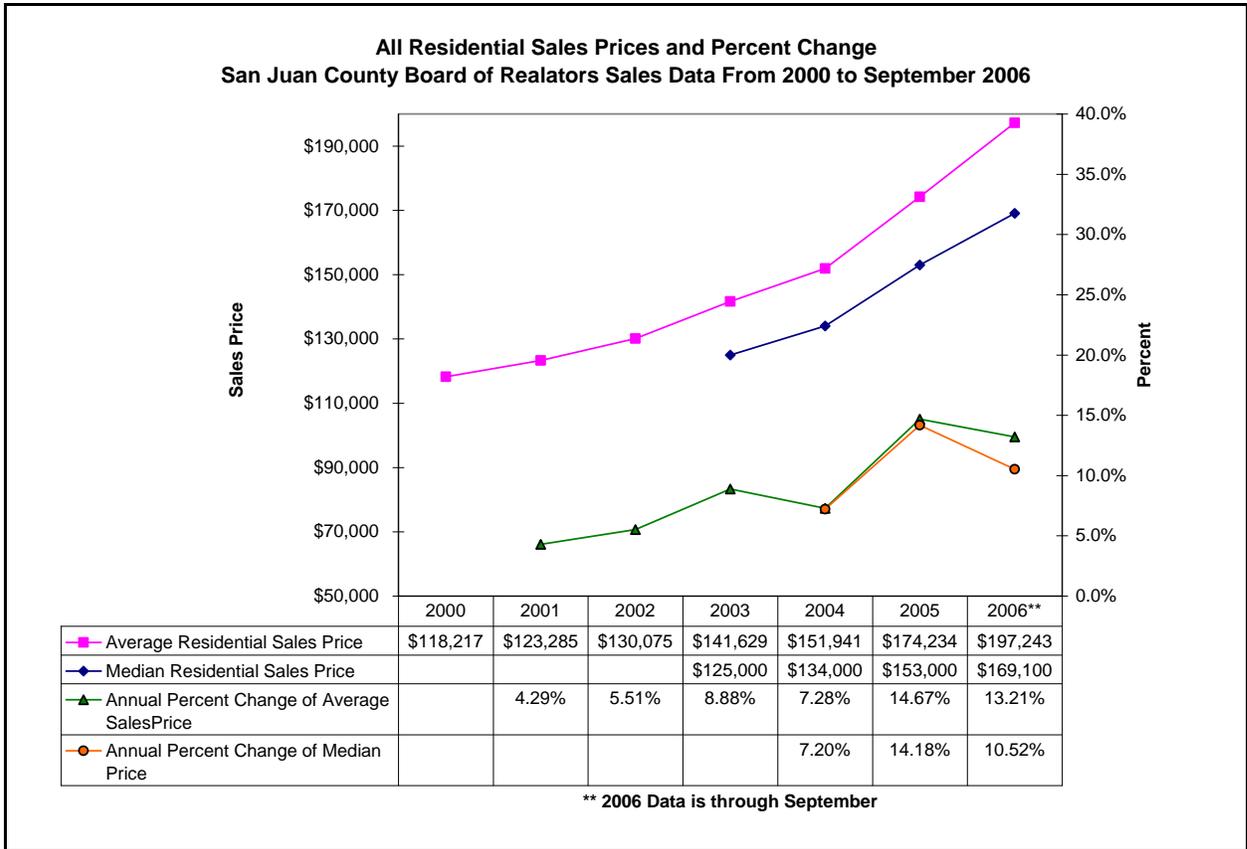
Table 3 shows the annual percent change of price for the average and median sales prices. The peak increase of 14% was in 2005. Through September of 2006, there was still very strong growth. However, there is a more pronounced difference between the average and median increases in 2006, which may represent a larger volume of modestly priced homes being purchased, than in 2005. The 2006 figures are also important because they show a strong housing market in San Juan County when many areas in the rest of the nation are seeing signs of declining sales and prices.

Table 3

San Juan County Board of Realtors Housing Sales Data 2000 Through September 2006									
	2000	2001	2002	2003	2004	2005	2006**	Rate of Growth	Total % Change 2003 to Sept 2006
Number of Residential Units Sold	718	843	898	955	974	1046	737		
Average Residential Sales Price	\$118,217	\$123,285	\$130,075	\$141,629	\$151,941	\$174,234	\$197,243	8.9%	39.27%
Annual Percent Change of Price		4.29%	5.51%	8.88%	7.28%	14.67%	13.21%		
Median Residential Sales Price				\$125,000	\$134,000	\$153,000	\$169,100	10.6%	35.28%
Annual Percent Change of Price					7.20%	14.18%	10.52%		
**2006 Through September 30 Median Sales Data is only available from 2003 forward. Total Percent Change for both Average and Median are from 2003 for an equal comparison.									

Chart 7 shows average and median sales prices and the percent changes for all residential sales in San Juan County. Data from 2000 to 2002 was not available for the median price.

Chart 7



c. Building Department Data

The building permit data is from the City of Farmington Building Division's monthly reports. Table 4 shows the number of residential permits issued and their percent change per year. The permit valuations cannot be compared with the other housing price data in this report. The building permit valuations do not reflect real values but the percent changes can be compared over time. A general estimate is that the permit valuations are half of the sales prices. The most notable numbers are the significant decline in the permit valuations in 2006, 18.69% decline in median and 13.23% decline in average valuations. This shows a significant change in the real values of the new homes being constructed. This is also supported by the changes in the high and low permit valuations for 2006.

Table 4

Site-Built New Residential Permit Valuations - City of Farmington							
	2000	2001	2002	2003	2004	2005	2006*
Permits Issued	103	105	118	166	192	260	192
% Change		1.94%	12.38%	40.68%	15.66%	35.42%	
Median Permit Valuation	\$125,704	\$121,864	\$131,614	\$131,570	\$147,000	\$163,625	\$133,050
% Change		-3.05%	8.00%	-0.03%	11.73%	11.31%	-18.69%
Average Permit Valuation	\$140,310	\$135,300	\$138,085	\$142,762	\$162,009	\$176,565	\$153,205
% Change		-3.57%	2.06%	3.39%	13.48%	8.98%	-13.23%
High Permit Valuation	\$407,723	\$317,127	\$394,097	\$295,660	\$418,351	\$644,258	\$513,279
Low Permit Valuation	\$63,860	\$70,176	\$56,730	\$64,910	\$46,130	\$81,746	\$66,850
Permit valuations do not reflect actual sales price or construction cost.							

6. Rental Costs

a. Daily Times Survey

CDBG Staff collected rental ads from the Farmington Daily Times for every day in the month of April from 2000 to 2006. Ads appearing more than once in a month were filtered out so ads which stayed longer in the paper would not skew the results. A previous rental survey done for Farmington's Consolidated Plan had used April for data in a single year, so that particular month was arbitrarily selected but was used consistently for each year. The data collected from the ads included number of rooms, price, and type of rental unit.

Chart 8 summarizes all collected rental data and shows average and median rent and the number of units available for the month of April for each year. This chart shows two important trends. First, in 2005, there was a significant increase in the average and median rents. Second, is the 66% decrease in the total number of units available from 2000 to 2006.

Chart 8

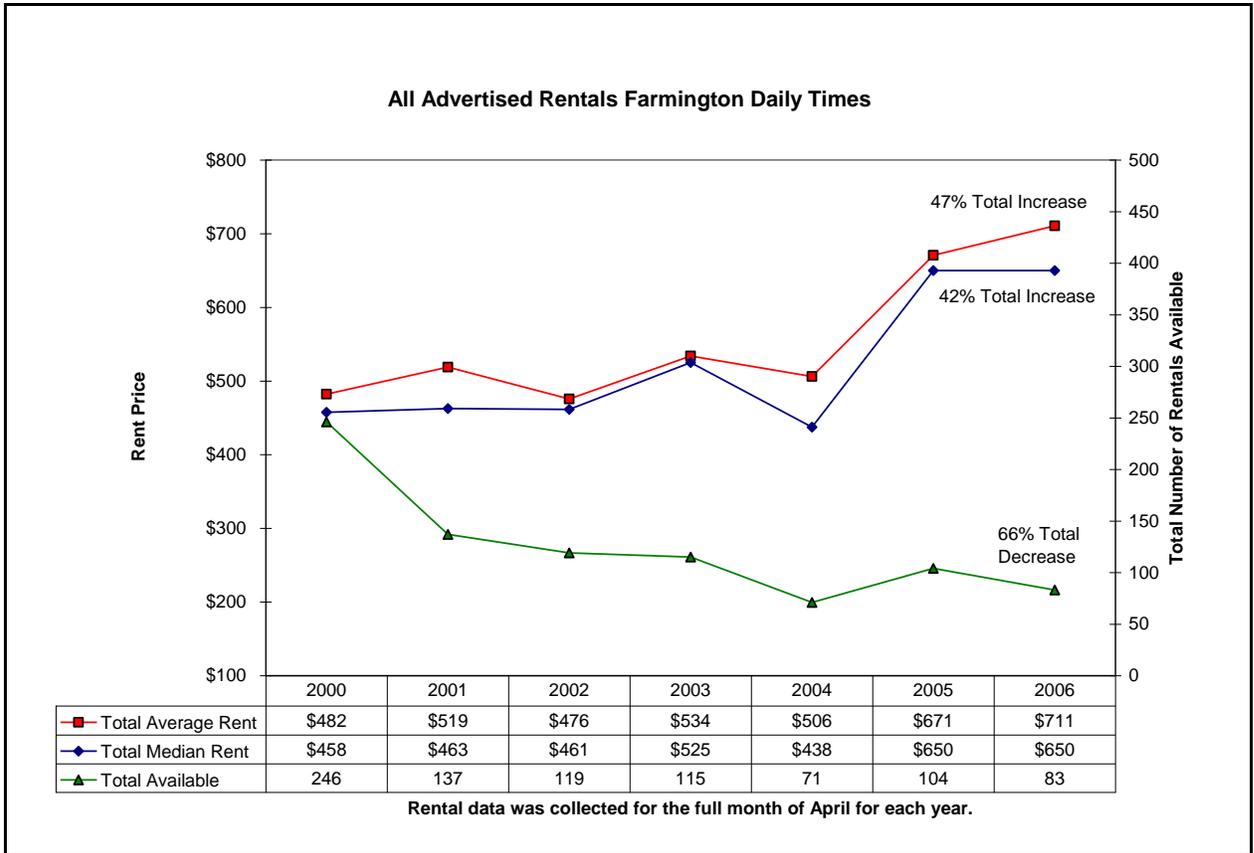


Chart 9 through Chart 12 show the average and median rent and the number of available units broken down by the number of bedrooms. Four-bedroom rentals had the least availability and two bedroom units had the greatest availability. Four-bedroom rental also showed a remarkable 140% increase in the median rent between 2000 and 2006. One-bedroom units had the least percentage increase of all rental sizes, 27.8%

Chart 9

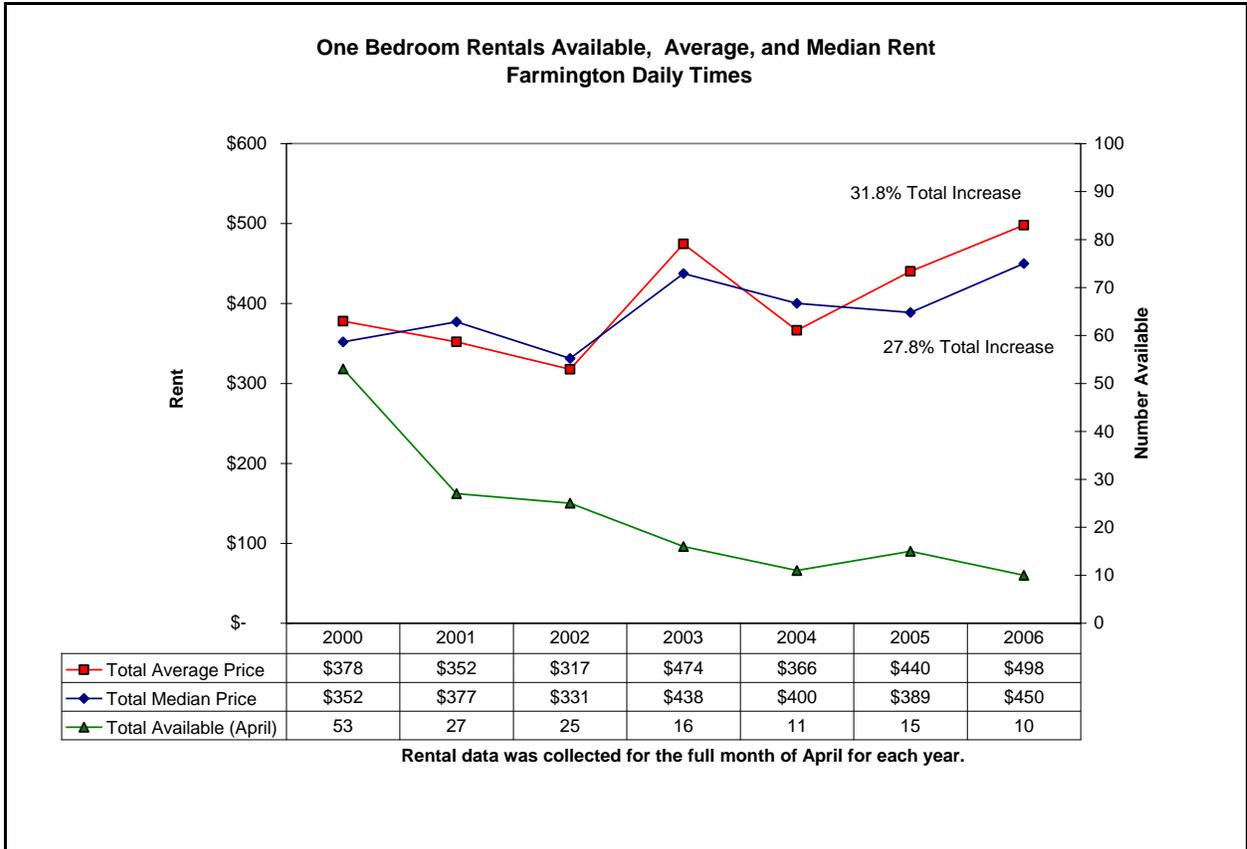
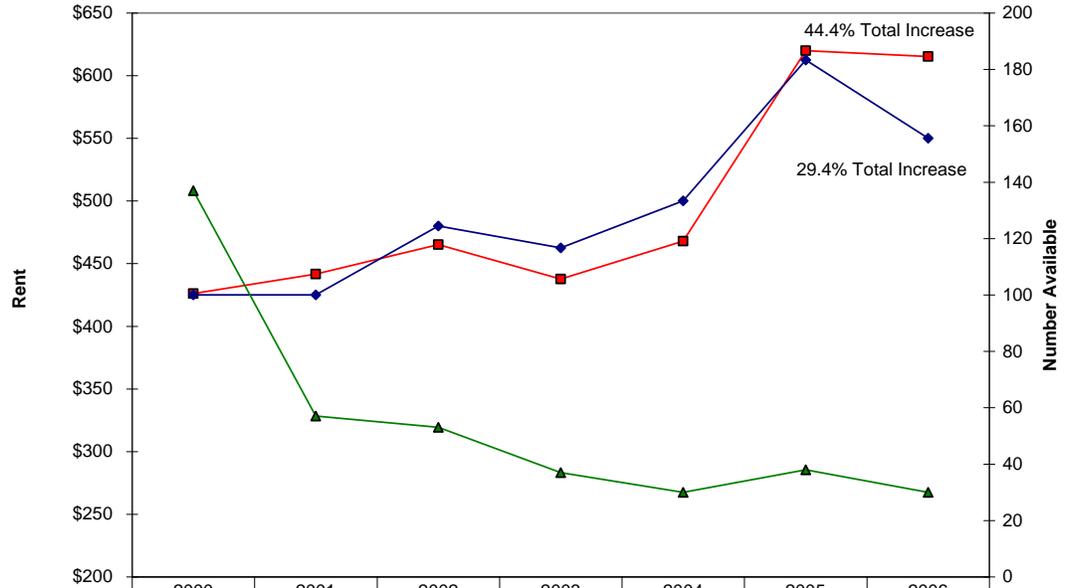


Chart 10

Two Bedroom Rentals Available, Average, and Median Rent
Farmington Daily Times

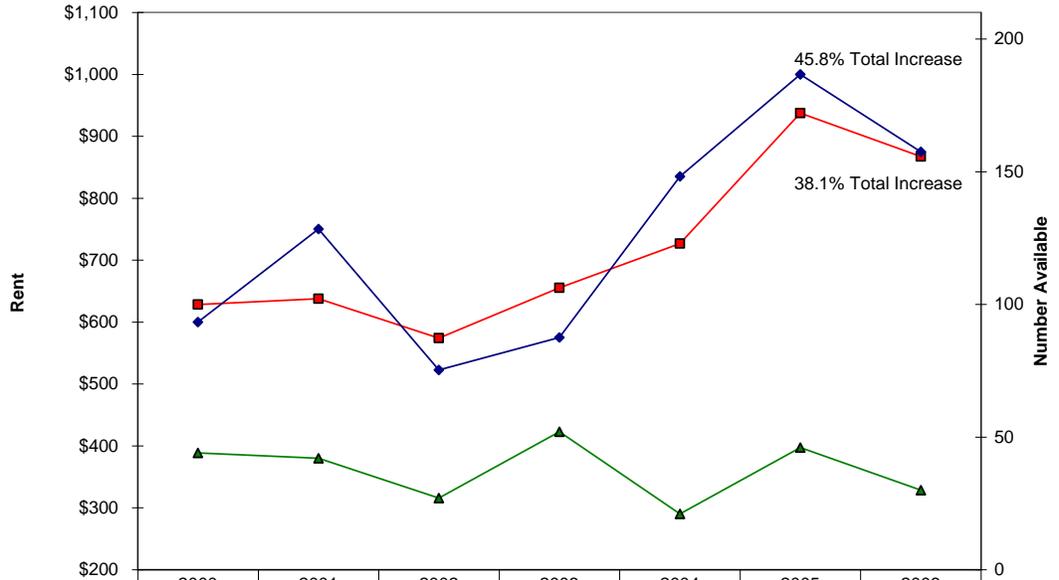


	2000	2001	2002	2003	2004	2005	2006
Total Average Price	\$426	\$442	\$465	\$438	\$468	\$620	\$615
Total Median Price	\$425	\$425	\$480	\$463	\$500	\$613	\$550
Total Available (April)	137	57	53	37	30	38	30

Rental data was collected for the full month of April for each year.

Chart 11

**Three Bedroom Rentals Available, Average, and Median Rent
Farmington Daily Times**

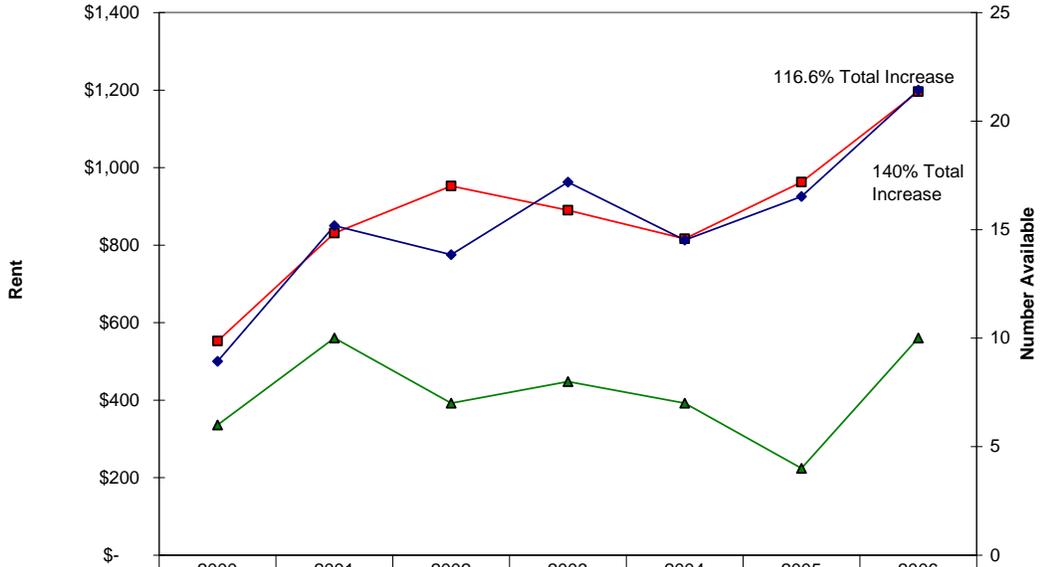


	2000	2001	2002	2003	2004	2005	2006
■ Total Average Price	\$628	\$638	\$574	\$655	\$727	\$937	\$867
◆ Total Median Price	\$600	\$750	\$523	\$575	\$835	\$1,000	\$875
▲ Total Available (April)	44	42	27	52	21	46	30

Rental data was collected for the full month of April for each year.

Chart 12

Four Bedroom Rentals Available, Average, and Median Rent
Farmington Daily Times



■ Total Average Price	2000	2001	2002	2003	2004	2005	2006
◆ Total Median Price	2000	2001	2002	2003	2004	2005	2006
▲ Total Available (April)	2000	2001	2002	2003	2004	2005	2006

Rental data was collected for the full month of April for each year.

Chart 13 compares the median price of all rental units by the number of bedrooms. The median rent of one and two bedroom units show the least gain with 27.8% and 29.4%. Three bedroom units show an overall increase of 45.8%. An interesting point in 2000 is that four bedroom units were less expensive than three bedroom units. In examining that raw collected data, it was found, in 2000, there were a number of four bedroom mobile home rentals that lowered the median for this category while many of the three bedroom rentals in 2000 were single family homes.

Chart 13

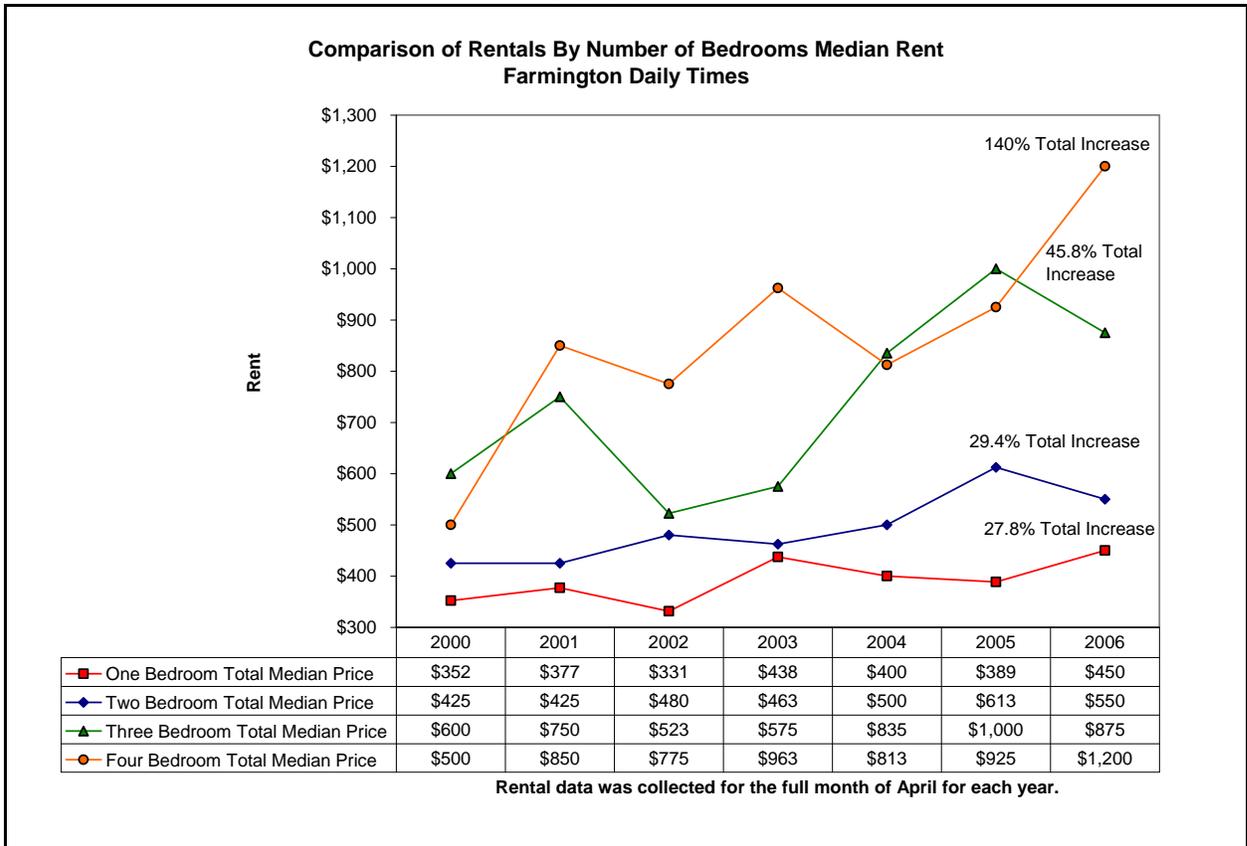
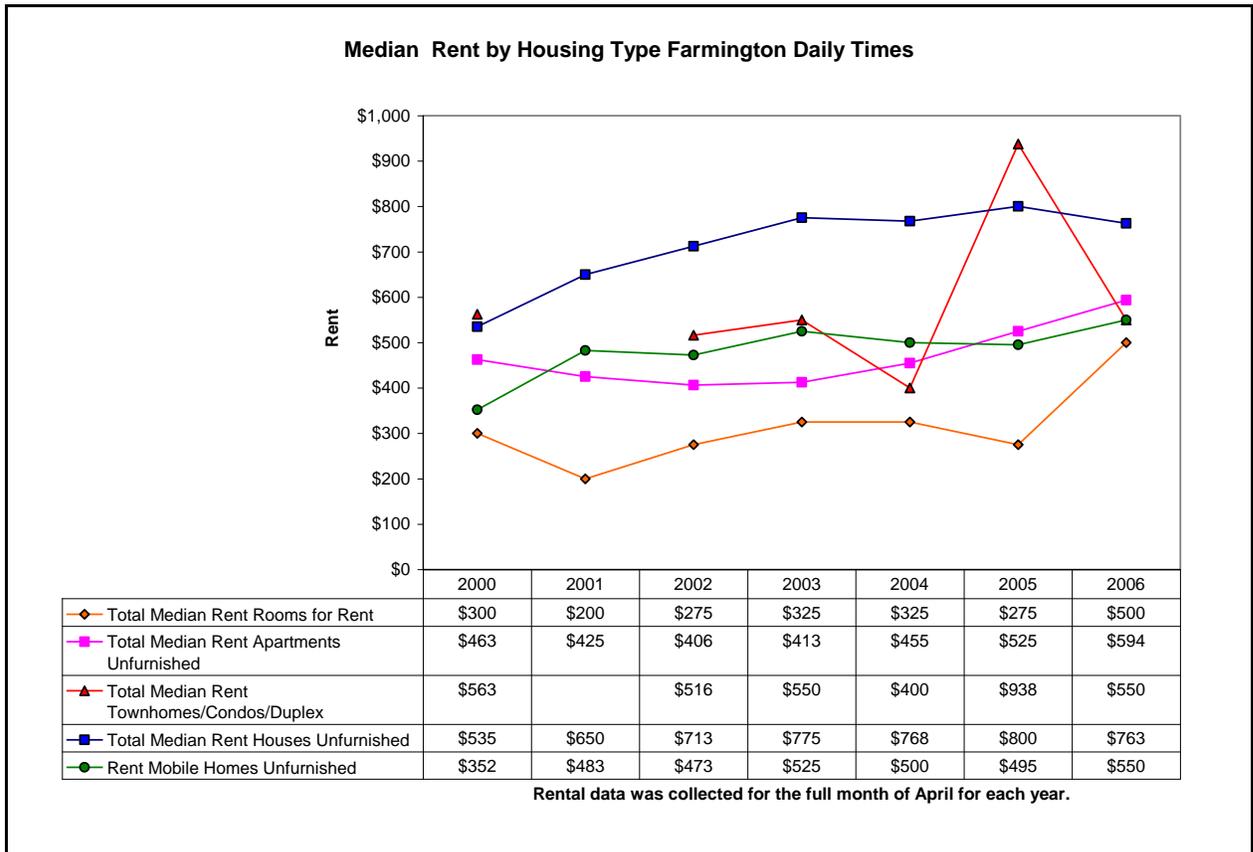


Chart 14 compares all rental units broken down by the type of rental. The major rental categories used by the Farmington Daily Times was used, rooms for rent, apartments, townhomes/condos/duplex, houses, and mobile homes. Most rental types show a clean data line over time by the townhomes/condos/duplex line shows significant variability. In April of 2001, there were none available for rent so there is no data. In addition, the median rent fell below mobile homes and apartments in 2004, then shot up 134% to higher than the median rent for single-family homes, and then fell again down to the level of mobile homes. In the City of Farmington, a new 60-unit townhome complex was constructed around 2005. The rental price for these units ranged around \$1,100 monthly. While less than half of the units were initially offered for rent, this influx of new rentals could be responsible for this spike in 2005. Another notable increase is in the category Rooms for Rent from 2005 to 2006. This spike goes from \$275 to \$500. This is an 81.8% increase in one year.

Chart 14

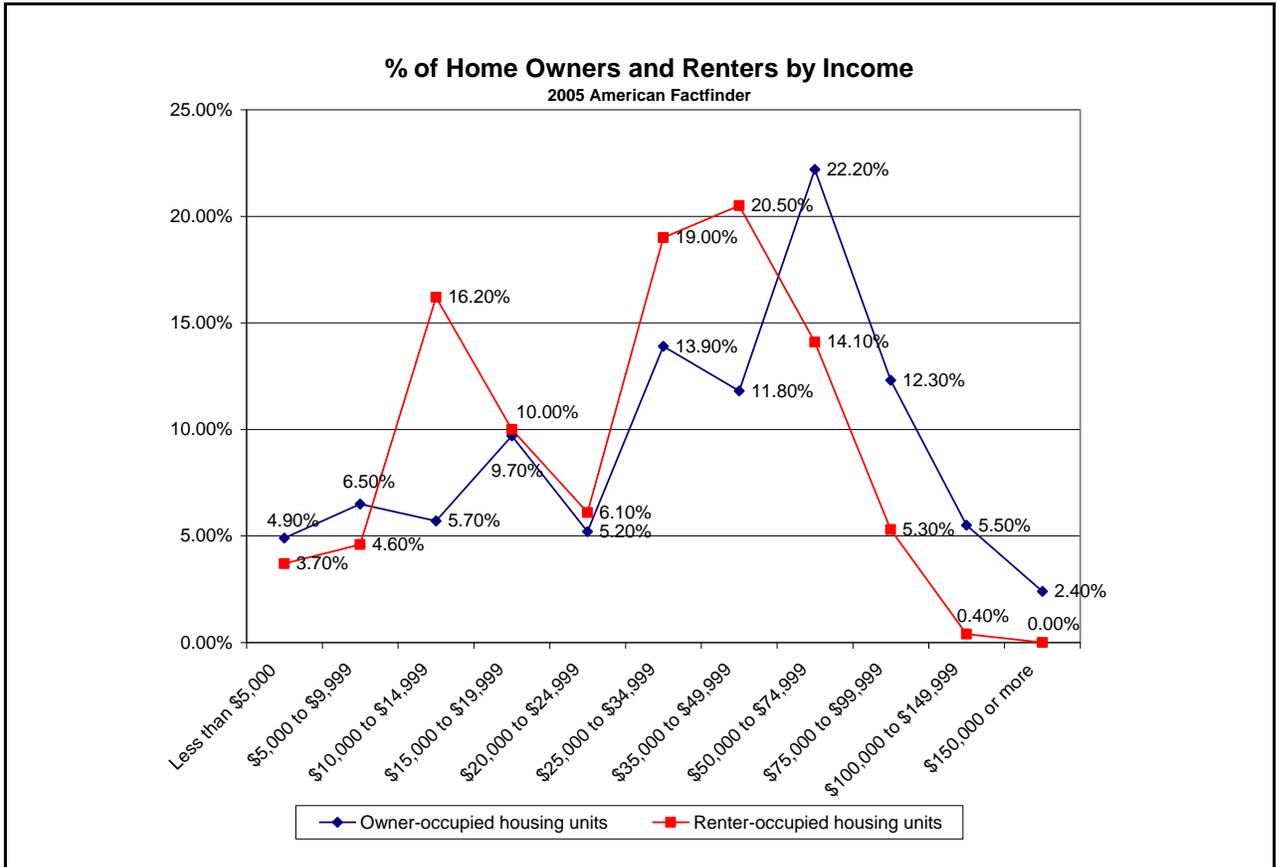


7. Employment and Wages – Personnel Income

a. 2005 American Community Survey Household Financial Characteristics

Chart 15 shows the percentage of homeowners and renters that fall into different income ranges.

Chart 15



The two lines in Chart 16 depict the percentage of homeowners and renters that expend what amount of money on monthly housing costs. The renter occupied line forms a rough bell curve but the owner occupied line is the opposite of a bell curve. The owner occupied line has peaks in the \$100 to \$199 range and in the \$1,000 to \$1,499 range. Long-term homeowners with older mortgages may explain lower peak in monthly housing costs.

Chart 16

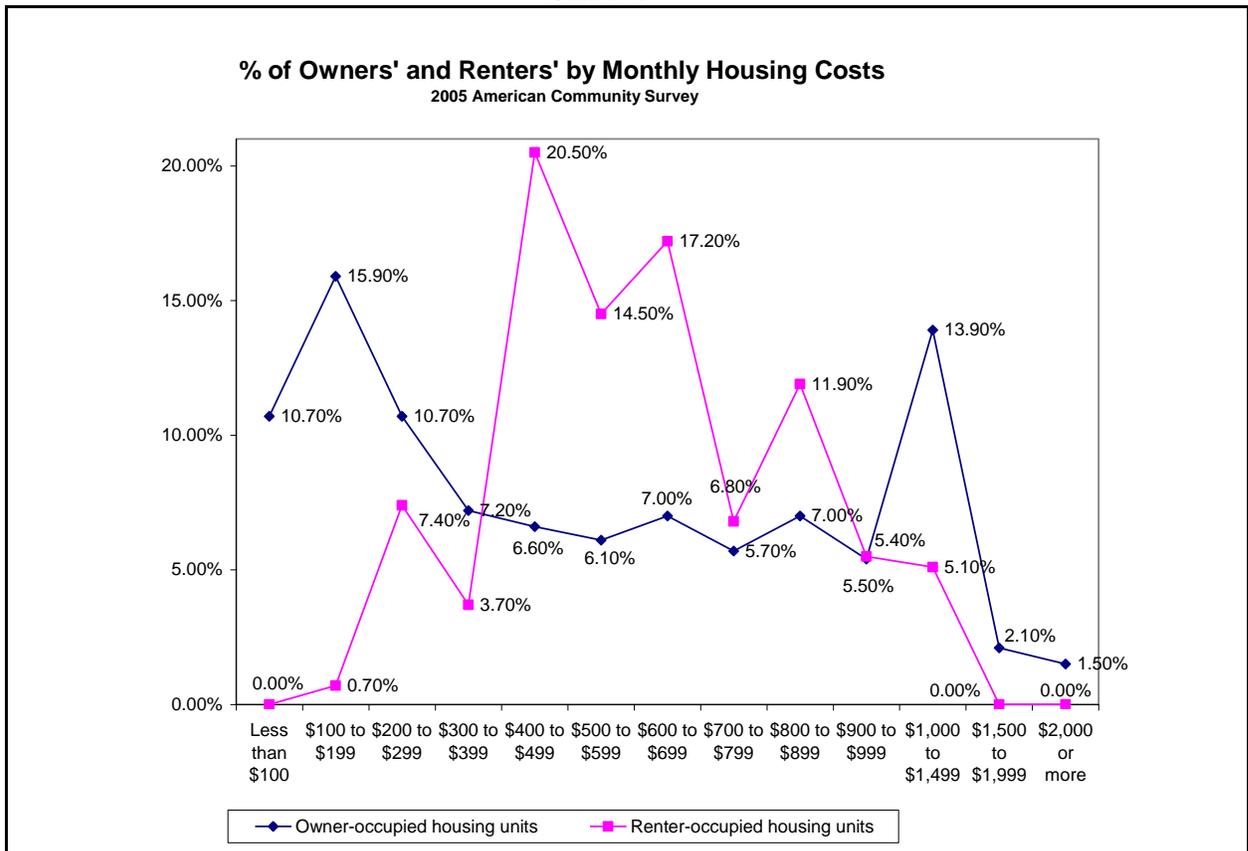


Table 5 shows monthly housing costs as a percentage of household income. The columns represent owner-occupied housing and renter-occupied housing and the percentage of income expended on housing costs. The 30% or more column is the important indicator because that is the recommended maximum that should be expended on housing to be considered affordable. The information on this table is not surprising as it shows 32.8% of renter-occupied housing spends 30% or more on housing while only 18.7% of owner occupied housing does.

Table 5

MONTHLY HOUSING COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME 2005 American Community Survey						
	Owner-occupied housing units			Renter-occupied housing units		
Income	Less than 20 percent	20 to 29 percent	30 percent or more	Less than 20 percent	20 to 29 percent	30 percent or more
Less than \$20,000	12.1%	2.8%	10.6%	0.7%	7.9%	21.9%
\$20,000 to \$34,999	10.9%	4.0%	4.2%	4.1%	10.6%	10.3%
\$35,000 to \$49,999	5.4%	3.7%	2.7%	9.1%	8.8%	0.6%
\$50,000 to \$74,999	15.9%	5.5%	0.8%	11.3%	2.8%	0.0%
\$75,000 or more	18.1%	1.6%	0.4%	5.1%	0.0%	0.0%
All Incomes	62.4%	17.6%	18.7%	30.3%	30.1%	32.8%

b. Median Family Income

Table 6 provides the key income figure, Median Family Income (MFI), and details the median income for different racial, age, and family status groups. The data like all American community Survey information is for the Farmington MSA, which for all statistical purposes is very similar to San Juan County Data. Because the American Community Survey uses a statistical sample of the population, some racial group data was suppressed due to the very small percentage the population. African American and Asian are missing from this table due to this. However, the three racial groups reported on total 98.2% of the Farmington MSA population.

Table 6

Median Family Income by Race, Age, and Families		
Households	Percent of Population	Median Income
White alone, not Hispanic or Latino	52.7%	50,655
American Indian and Alaska Native	33.1%	26,563
Hispanic or Latino origin	12.4%	30,327
Income by Age of Householder		
15 to 24 years	5.6%	25,200
25 to 44 years	39.8%	40,200
45 to 64 years	34.4%	52,608
65 years and over	20.2%	17,798
Median Family Income		43,178
With own children under 18 years		41,960
With no own children under 18 years		45,036
Married-couple families		53,161
Female householder, no husband present		23,030
Male householder, no wife present		50,358
Source: U.S. Census Bureau, 2005 American Community Survey. Data are based on a sample and are subject to sampling variability.		
S1903: Median Income in the Past 12 Months		

c. Individual Income

Table 7 provides a comparison of the annual average wage between the State and other Metropolitan Statistical Areas from 1990 through 2004.

Table 7

Annual Average Wage/Salary per Job 1/, by Metropolitan and Nonmetropolitan Portions, 1990-2004															
Area	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002 r/	2003 r/	2004 p/
Metro Portion 2/	\$19,787	\$20,741	\$21,552	\$22,349	\$23,122	\$23,825	\$24,538	\$25,571	\$26,653	\$27,307	\$28,607	\$29,794	\$30,722	\$31,577	\$32,799
Albuquerque MSA 3/	20,289	21,357	22,224	23,053	23,867	24,628	25,427	26,541	27,660	28,432	29,836	31,088	31,989	33,017	34,162
Farmington MSA 4/	21,455	21,811	22,420	23,234	23,806	23,872	24,017	24,571	25,411	26,208	27,410	28,869	29,080	29,999	31,743
Las Cruces MSA 5/	16,809	17,680	18,514	19,029	19,419	19,870	20,362	21,330	22,353	22,476	23,152	23,509	24,779	25,678	26,694
Santa Fe MSA 6/	18,500	19,313	19,926	20,749	21,616	22,649	23,474	24,450	25,645	26,108	27,489	29,026	30,558	30,417	31,930
Nonmetro Portion 2/	18,469	19,303	19,790	20,244	20,588	21,273	21,946	22,731	23,643	24,180	25,169	26,255	27,363	28,003	29,060
New Mexico	\$19,343	\$20,260	\$20,968	\$21,658	\$22,304	\$23,016	\$23,728	\$24,687	\$25,722	\$26,354	\$27,567	\$28,718	\$29,689	\$30,467	\$31,640

p/ Preliminary.
r/ Revised.
1/ Average wage and salary per job is calculated as total wage and salary disbursements divided by all full- and part-time wage and salary workers. The data are by place of work rather than by place of residence.
2/ Metropolitan and nonmetropolitan portions are based on current metropolitan statistical area (MSA) definitions.
3/ Bernalillo, Sandoval, Torrance and Valencia counties.
4/ San Juan County.
5/ Dona Ana County.
6/ Santa Fe County.

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Data released April 2006.
Table prepared by: Bureau of Business and Economic Research, University of New Mexico.

Chart 17 graphically depicts the information in Table 7 comparing the four state MSA's, Albuquerque, Farmington, Las Cruces, and Santa Fe. This chart shows that Farmington is losing ground on wages in comparison to the other MSA's.

Chart 17

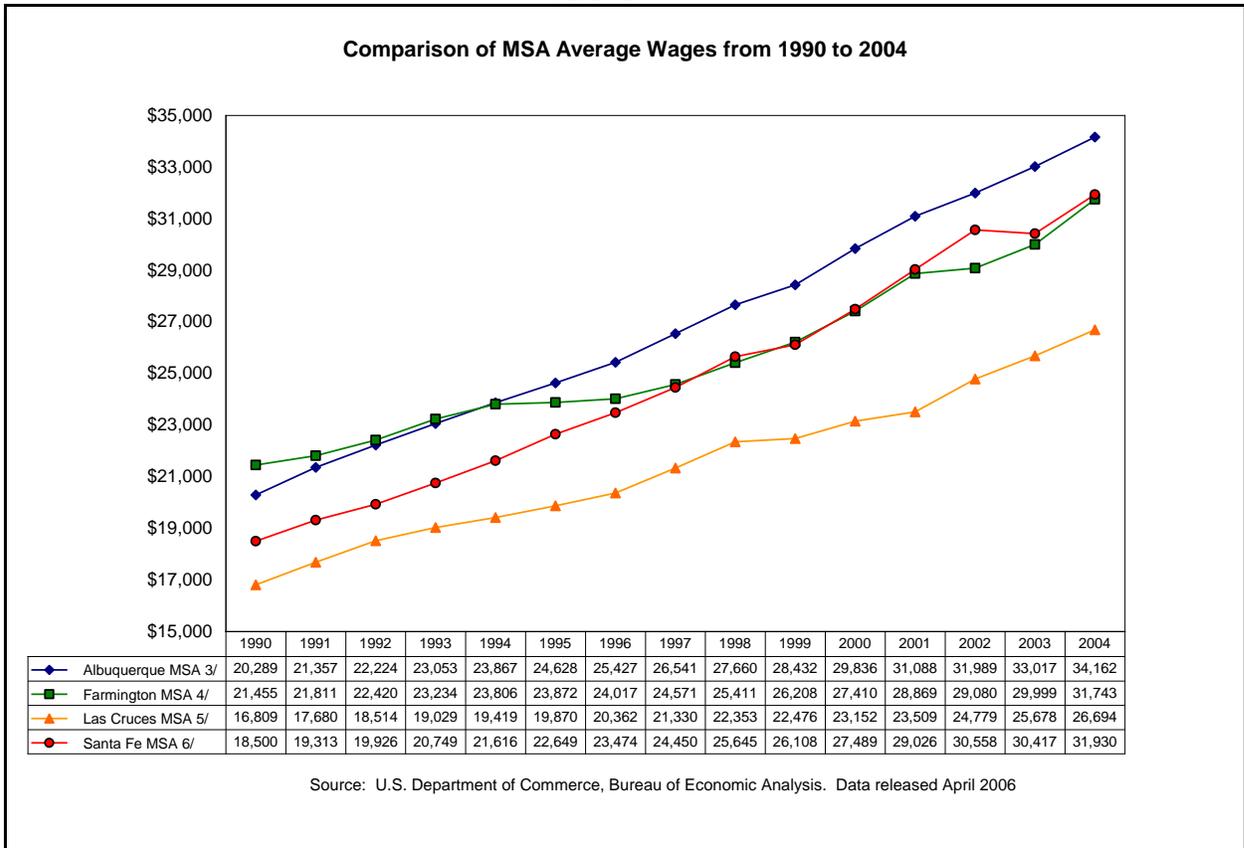


Chart 18 graphically displays the total percentage gain in average wages from 1990 to 2004 for the four MSA's. Farmington MSA wages have increased the least, only 48% in 14 years in comparison to 73% in Santa Fe and 68% in Albuquerque.

Chart 18

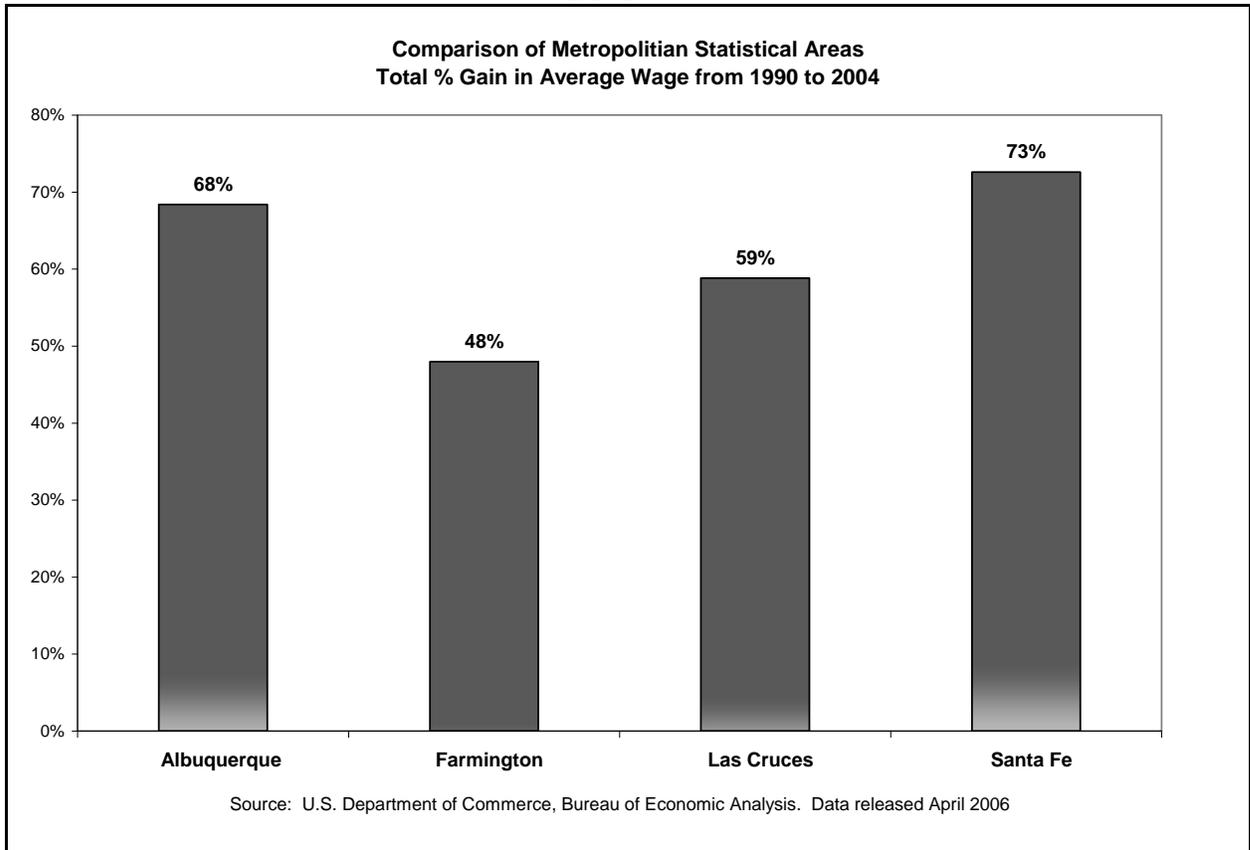


Table 8 is from the New Mexico Department of Labor and provides the average annual pay in San Juan County.

Table 8

San Juan County, New Mexico					
Average Annual Pay					
Year	2001	2002	2003	2004	2005
Average Wage	\$29,411	\$29,472	\$30,556	\$32,281	\$33,701
Percent Increase		0.21%	3.68%	5.65%	4.40%
New Mexico Department of Labor					

d. Trends in All Income Data Types

Chart 19 compares all of the wage data from different sources collected for this report. Two different types of data are included on this chart median family income, and average wage.

The two average wage data lines are a tighter grouping than the MFI data points and because they represent the average wage of individuals, they have a lower value. Only their rate of growth can be compared with the median family income. Four of the median family income sources are values for only a single point or year so there is no line on the chart for those sources. Two of these data points are 2000 Census numbers for the City of Farmington and for San Juan County. The two data points for 2005 are both estimates of median family income, one cited in CNN Money Magazine and the other is from the American Community Survey.

The data lines representing median family income (red and dark blue) had the ranges of MFI data shown on the chart. Both of these lines represent San Juan County.

Chart 19

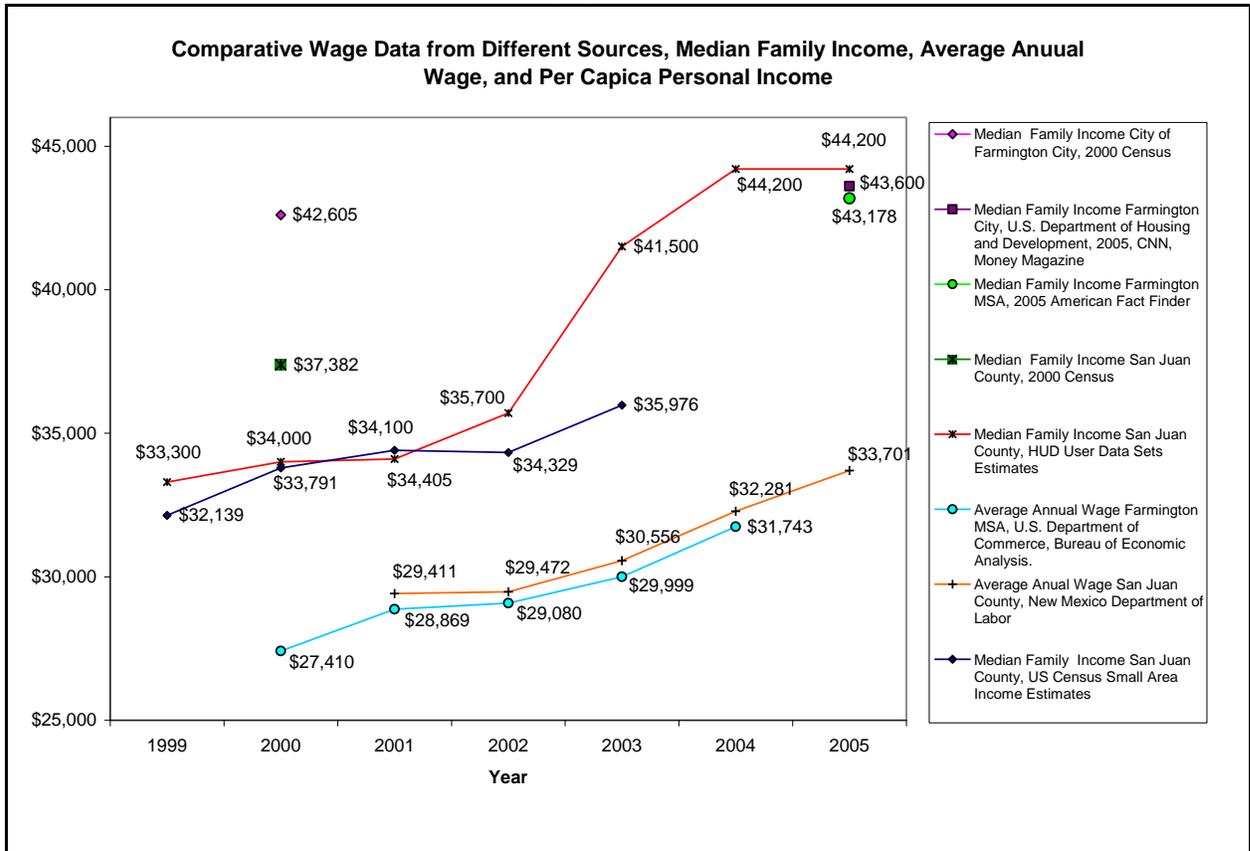


Table 9 shows the complete data used in Chart 19 above. The bottom two rows are the average wage data shown in orange and light blue.

Table 9

Comparative Wage Data from Different Sources, Median Family Income, Average Annual Wage, and Per Capita Personal Income							
Type and Source of Data	1999	2000	2001	2002	2003	2004	2005
Median Family Income City of Farmington City, 2000 Census		\$42,605					
Median Family Income Farmington City, U.S. Department of Housing and Development, 2005, CNN, Money Magazine							\$43,600
Median Family Income Farmington MSA, 2005 American Fact Finder							\$43,178
Median Family Income San Juan County, 2000 Census		\$37,382					
Median Family Income San Juan County, US Census Small Area Income Estimates	\$32,139	\$33,791	\$34,405	\$34,329	\$35,976		
Median Family Income San Juan County, HUD User Data Sets Estimates	\$33,300	\$34,000	\$34,100	\$35,700	\$41,500	\$44,200	\$44,200
Average Annual Wage Farmington MSA, U.S. Department of Commerce, Bureau of Economic Analysis.		\$27,410	\$28,869	\$29,080	\$29,999	\$31,743	
Average Annual Wage San Juan County, New Mexico Department of Labor			\$29,411	\$29,472	\$30,556	\$32,281	\$33,701

8. Analysis of Housing Affordability

a. Comparison of Income Data and Housing Prices

Table 10 uses data from Table 6 above and converts the median family income and the various group incomes into maximum monthly rental payments and the maximum affordable purchase price of a home.

The recommended maximum monthly payment is based upon 30% of the gross monthly income. This figure can then be compared with rental costs.

The recommended maximum home purchase value was calculated starting with the maximum monthly payment and working backwards to how expensive of a home a family could afford. This was just like calculating a mortgage payment but in reverse. A local banking loan officer was consulted and provided assistance with the financial calculations and the estimates that were made. Assumptions were made in the calculations and the loan officer used reasonable conservative estimates for taxes, insurance, and other factors. The calculations assumed: 6.5% interest rate; 5% down payment; first time buyer; and a 30-year fixed conventional loan. The final ratio used in the calculations was the annual income being equal to 29% of the recommended maximum home value.

Table 10

Median Family Income by Race, Age, and Families				
Households	Percent of Population	Median Income	Recommended Maximum Monthly Housing Payments	Recommended Maximum Value of Home
White alone, not Hispanic or Latino	52.7%	\$ 50,655	\$ 1,266	\$ 174,672
American Indian and Alaska Native	33.1%	\$ 26,563	\$ 664	\$ 91,597
Hispanic or Latino origin	12.4%	\$ 30,327	\$ 758	\$ 104,576
Income by Age of Householder				
15 to 24 years	5.6%	\$ 25,200	\$ 630	\$ 86,897
25 to 44 years	39.8%	\$ 40,200	\$ 1,005	\$ 138,621
45 to 64 years	34.4%	\$ 52,608	\$ 1,315	\$ 181,407
65 years and over	20.2%	\$ 17,798	\$ 445	\$ 61,372
Median Family Income		\$ 43,178	\$ 1,079	\$ 148,890
With own children under 18 years		\$ 41,960	\$ 1,049	\$ 144,690
With no own children under 18 years		\$ 45,036	\$ 1,126	\$ 155,297
Married-couple families		\$ 53,161	\$ 1,329	\$ 183,314
Female householder, no husband present		\$ 23,030	\$ 576	\$ 79,414
Male householder, no wife present		\$ 50,358	\$ 1,259	\$ 173,648

Source: U.S. Census Bureau, 2005 American Community Survey. Data are based on a sample and are subject to sampling variability.

S1903: Median Income in the Past 12 Months

Recommended maximum monthly housing payments based upon standard 30% of gross monthly income.

Financial calculations and estimates were assisted by a local banking loan officer. Assumptions were made in the calculations and the loan officer used reasonable conservative estimates. The calculations assumed: 6.5% interest rate; 5% down payment; taxes and insurance estimated; first time buyer; and 30-year fixed conventional loan. The final ratio used in the calculations was the annual income equal to 29% of home value.

Chart 20 compares the San Juan County Assessor's sales data for single-family residences for the City of Farmington and for the San Juan County with the recommended maximum home value for the median family income in San Juan County. The blue line represents what is considered affordable, and at no point from 1999 through 2005 does it intersect with the City or County sales price lines. The three lines did come very close in 2000 and in 2003 but diverged sharply in 2001 and 2005.

Chart 20

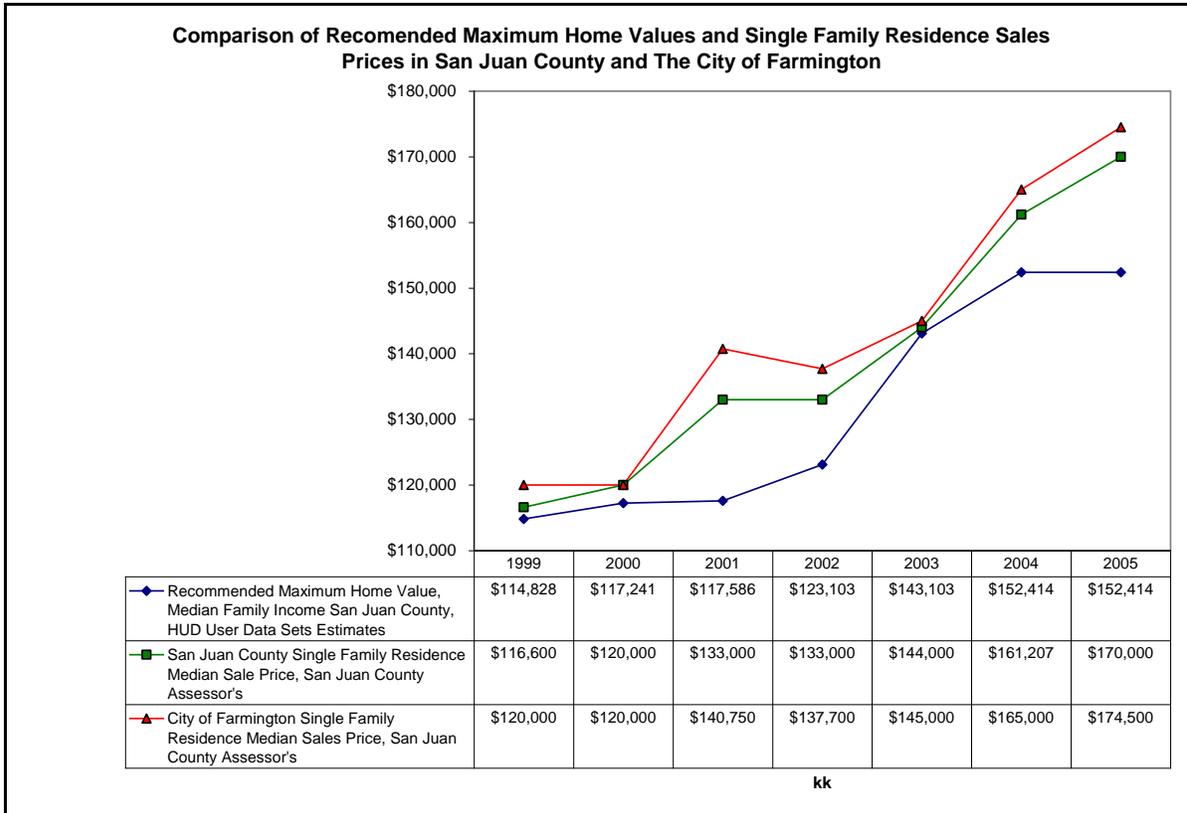


Table 11 compares the recommended maximum value of a home from Table 10 with Farmington MSA income data, with the median sales prices of mobile homes on a permanent foundation, town homes/condos, and single-family residence in San Juan County. The recommended maximum value of a home column shows all of the different group as well as the overall median family income. The three columns on the right begin with the median sales prices and then the comparison results. The green shaded cells show affordability. The green shaded cells with italicized numbers show marginal affordability. These groups are just under 30% and any loss of income or increase in housing costs will push these groups out of affordability for that type of housing. The cells with negative numbers show that type of housing is not affordable and the negative values show by how much.

This table answers the key question of this study; the median family cannot afford the median home. It also shows that only median White families, people between 45 and 64, married couples, and single males can afford to purchase a home. American Indian and Hispanic families, young families (under 44), older families (over 65), families with children, and single women cannot afford to purchase the median home.

Table 11

2005 Comparison of Recommended Maximum Housing Sales Price, by Economic Group Median Income, by Type of Housing		Median Sales Price by Housing Type		
		Mobile Home Median Sale Price	Townhome/Condo Median Sale Price	Single Family Residence Median Sale Price
Breakdown of Median Family Income by Groups	Recommended Maximum Value of Home	\$115,000	\$147,000	\$161,207
White alone, not Hispanic or Latino	\$ 174,672			
American Indian and Alaska Native	\$ 91,597	(\$23,403)	(\$55,403)	(\$69,610)
Hispanic or Latino origin	\$ 104,576	(\$10,424)	(\$42,424)	(\$56,631)
Income by Age of Householder				
15 to 24 years	\$ 86,897	(\$28,103)	(\$60,103)	(\$74,310)
25 to 44 years	\$ 138,621		(\$8,379)	(\$22,586)
45 to 64 years	\$ 181,407			
65 years and over	\$ 61,372	(\$53,628)	(\$85,628)	(\$99,835)
Median Family Income	\$ 148,890		\$1,890	(\$12,317)
With own children under 18 years	\$ 144,690		(\$2,310)	(\$16,517)
With no children under 18 years	\$ 155,297		\$8,297	(\$5,910)
Married-couple families	\$ 183,314			
Female householder	\$ 79,414	(\$35,586)	(\$67,586)	(\$81,793)
Male householder, no wife present	\$ 173,648			
American Community Survey 2005 Data Comparison San Juan County Assessor's Data		Affordable (\$'s short of affordability) \$ amount < than \$10,00 shows marginal affordability		

Table 12 is similar to Table 11 but it compares the affordability of rental properties broken down by the number of bedrooms of all types of units with the recommended maximum monthly rental payment of various income groups. The four columns on the right show the number of bedrooms, the median rental price, and then the comparison results. The green shaded cells show affordability. The green shaded cells with italicized numbers show marginal affordability. These groups are just under 30% and any loss of income or increase in housing costs will push these groups out of affordability for that type of housing. The cells with negative numbers show that type of housing is not affordable and the negative values show by how much. All income groups can afford a one-bedroom unit. Only families 65 years and older and female householders cannot afford two-bedroom units. However, the median American Indian and Hispanic families and young families (24 and under) cannot afford a three or four-bedroom unit.

Table 12

2005 Comparison of Recommended Maximum Monthly Rental Payments and Rental Prices by Number of Bedrooms		Affordability by Median Rent and Number of Rooms All Rental Types in 2005			
		1	2	3	4
Breakdown of Median Family Income by Groups	30% of Monthly Income	\$ 389	\$ 613	\$ 1,000	\$ 925
White alone, not Hispanic or Latino	\$ 1,266				
American Indian and Alaska Native	\$ 664		\$ 52	\$ (336)	\$ (261)
Hispanic or Latino origin	\$ 758			\$ (242)	\$ (167)
Income by Age of Householder					
15 to 24 years	\$ 630		\$ 18	\$ (370)	\$ (295)
25 to 44 years	\$ 1,005			\$ 5	\$ 80
45 to 64 years	\$ 1,315				
65 years and over	\$ 445	\$ 56	\$ (168)	\$ (555)	\$ (480)
Median Family Income				\$ 79	
With own children under 18 years	\$ 1,049			\$ 49	
With no own children under 18 years	\$ 1,126				
Married-couple families	\$ 1,329				
Female householder, no husband present	\$ 576		\$ (37)	\$ (424)	\$ (349)
Male householder, no wife present	\$ 1,259				
American Community Survey 2005 Data Comparison		Affordable			
Farmington Daily Times Rental Survey		(\$'s short of affordability)			
		\$ amount < than \$100 shows marginal affordability			

b. Comparison of Wage Gains with Home Price and Rental Increases

Table 13 compares the percentage increases of the average wage in San Juan County, with the total average rent and the average sales price for single-family homes in San Juan County from 2001 to 2005. While wages have increased 14.6%, rental costs have gone up 29.3% and housing prices have gone up 39.7%.

Table 13

Comparison of Wage Gains with Home Price and Rental Increases						
Type and Source of Data	2001	2002	2003	2004	2005	Increase
Average Annual Wage San Juan County, New Mexico Department of Labor	\$29,411	\$29,472	\$30,556	\$32,281	\$33,701	14.6%
Total Average Rent, Farmington Daily Times	\$ 519	\$ 476	\$ 534	\$ 506	\$ 671	29.3%
Average Sales Price for Single Family Home in San Juan County, SJC Assessor's Office.	\$133,875	\$145,523	\$153,355	\$161,428	\$187,013	39.7%

9. Sources of Data

- a. The American Community Survey - The US Census conducted its first American Community Survey (ACS) in the Farmington Metropolitan Statistical Area in 2005. The ACS uses a sample, unlike the Decennial Census, which is based upon 100% data. The users of this data are cautioned that there are margins of error associated with the size of the samples taken. For full details of the methods of collection and data accuracy, please consult the American Community Survey website <http://www.census.gov/acs/www/>
- b. The US Census provides detailed decennial data and can be found at <http://www.census.gov/>
- c. Bureau of Business and Economic Research of the University of New Mexico (BBER.) The BBER web page summarizes data from a number of sources into usable information for New Mexico communities. <http://www.unm.edu/~bber/>
- d. San Juan County Assessor – The City of Farmington would like to express its gratitude for the cooperation of the County Assessor's office in providing detailed data on the reported sales of residential properties. As a note: no privileged or personal data was disclosed or used in the creation of this report.
- e. San Juan County Board of Realtors – The city of Farmington would also like to express its gratitude for the cooperation of the Board of Realtors for providing data from the Multiple Listing Service. As a note: no privileged or personal data was disclosed or used in the creation of this report.
- f. Farmington Daily Times Rental Data – All rental data was collected from the classified section of the Farmington Daily Times. That data is limited only by the geographic distribution of the newspaper delivery and advertising. It can be assumed that the data roughly approximates the San Juan County area. The City of Farmington would like to express its gratitude for the cooperation

of the San Juan College Library staff for allowing significant access to the microfilm reader.

- g. New Mexico Department of Labor
- h. Housing and Urban Development, HUD
- i. U.S. Department of Commerce, Bureau of Economic Analysis