

City of Carlsbad

Housing Analysis and Strategic Plan Update 2015

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Prepared by:

Sites Southwest, LLC



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Dale Janway, Mayor

Carlsbad City Council

Wesley A. Carter

J.R. Doport

Richard Doss

Lisa A. Anaya Flores

Sandra K. Nunley

Jason Shirley

Janell E. Whitlock

Planning and Zoning Commission

James Knott, Chairperson

Lason Barney

Eddie Rodriguez

James McCormick

Wanda Durham

Carlsbad Staff:

Steve McCutcheon, City Administrator

Stephanie Shumsky, Deputy City Administrator

Jeff Patterson, Planning, Engineering & Regulation Director

Consultants:

Sites Southwest, LLC , Albuquerque, NM

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Table of Contents

Acknowledgments	i
Table of Contents	i
Executive Summary	1
I. Introduction and Overview	4
A. Organization of the Plan	4
B. Methodology.....	5
C. Community Overview	6
II. Community and Housing Profile	9
A. Demographic Characteristics	9
B. Characteristics of Households and the Existing Housing Stock.....	29
B. Housing Affordability and Market Analysis.....	38
III. Housing Needs Assessment	58
A. Existing Housing Needs	58
B. Summary of Housing Needs	60
C. Types of Housing Needed	62
IV. Land Use and Policy Review	69
A. Existing Plans and Land Use Policies	69
B. Governmental Constraints.....	74
C. Non-Governmental Constraints.....	74
V. Goals, Policies and Quantifiable Objectives	75
A. Goals and Policies	75
VI. Appendices	81
Appendix A. Public Involvement.....	82
Appendix B. Employer Survey Results	83
Carlsbad Area/ Eddy County Housing Survey—Final Analysis.....	83
Appendix C. Funding Resources.....	88

Tables

Table 1. Comparative Population Growth, 1990-2013	10
Table 2. Population Projections for Eddy County, 2015-2040.....	14

Table 3. Select Population Characteristics, 2000 and 2010.....	15
Table 4. Income and Poverty, 1999 and 2012	18
Table 5. Median Income by Demographic Characteristics, City of Carlsbad, 2013	19
Table 6. Population with a Disability.....	21
Table 7. Household Income Distribution for Past 12 months (2013 dollars).....	22
Table 8. Estimate of Households by % AMI, 2013	22
Table 9. Employment Characteristics of Carlsbad Residents, 2012.....	23
Table 10. Increases in Eddy County Jobs since 2000	25
Table 11. Major Employers in Eddy County.....	26
Table 12. Inflow/Outflow Job Counts (All Jobs) by Area, 2011.....	26
Table 13. Housing Characteristics in Carlsbad, 2013	29
Table 14. Greater Carlsbad Area Building Permit Data 2010-2014 (includes 5-mile PPJ area)	30
Table 15. Housing Condition Indicators, 2011-2013.....	34
Table 16. FY 2014 Income Limit Area: Eddy County, New Mexico	35
Table 17. Subsidized Rental Housing Complexes in Carlsbad, NM	36
Table 18 . Select Household Characteristics	37
Table 19. Housing Units Sold in Eddy County 2009-2014.....	38
Table 20. Number of Homes for Sale by Affordability Range	39
Table 21. Age and Size of Homes in for Sale in Eddy County by Affordability.....	40
Table 22. Affordability of Housing for Sale by Number of Bedrooms, Fall 2014	41
Table 23. Home Mortgage Loans by Purpose and Year, Eddy County, 2009-2013	42
Table 24. Action Taken on Loan Applications, Eddy County, 2009 to 2013	42
Table 25. Action Taken on Loan Applications by Gender of Applicant, Eddy County, 2009-2013	43
Table 26. Action Taken on Loan Applications by Race and Ethnicity of the Applicant, Lincoln County, 2009-2013	43
Table 27. Reasons for Loan Denials, Eddy County, 2009-2013.....	44
Table 28. Loan Denial Rates by Income Level, Eddy County, 2009-2013	44
Table 29. Affordability of Existing Rental Apartments in Eddy County	49
Table 30. Percentage Change in Average Rents in Carlsbad, 2012-2014	50
Table 31. Subsidies Needed at Various AMI Percentages	51
Table 32. Mobile Homes and Recreational Vehicle Parks Around Carlsbad, NM.....	52
Table 33. Existing and Proposed Hotel and Motel Rooms in Carlsbad, NM	53
Table 34. Cost and Availability of Land, November 2014	56
Table 35. Carlsbad Households with a Housing Cost Burden, 2013	58
Table 36. Carlsbad Households with a Housing Burden by Income Level, 2013	59
Table 37. Carlsbad Households with a Cost Burden by Age of Householder, 2012 and 2013	59
Table 38. Summary of Housing Needs.....	64
Table 39. Zoning Districts.....	70

Figures

Figure 1. Location Map 8

Figure 2. Subarea Shares of Eddy County Population, 2013..... 9

Figure 3. Carlsbad Historic Population Trend, 1910 to 2010 Census Counts..... 10

Figure 4. Eddy County Employment, 2000-2013 11

Figure 5. Carlsbad Population Percentages by Age Groups, 2010..... 14

Figure 6. Shifts in Population Age in Carlsbad over Time 16

Figure 7. Carlsbad Gender Distribution, 2010 16

Figure 8. Jobs in Eddy County 2013 25

Figure 9. Inflow/Outflow Job Count for Carlsbad, 2011 27

Figure 10. Type of Housing Units in Carlsbad 30

Figure 11. Age of Housing Units in Carlsbad..... 31

Figure 12. Carlsbad Housing Building Conditions 33

Figure 13. Mobile Home & RV Parks..... 54

Figure 14. Carlsbad, NM Zoning..... 73

Executive Summary

Carlsbad and Eddy County in general are experiencing a serious housing shortage due to an influx of new labor working in the oil and gas fields. During the latest oil and gas boom from 2007 through 2013, natural resources employment in the county nearly doubled, adding 3,221 more workers. General county employment over the same time increased by nearly 20 percent to a total of 26,422. The latest employment numbers from 2014 indicate the upward trend is continuing, despite a drop in oil prices in Fall 2014. Indications are that the employment expansion is driving up housing prices and leaving people with few residential options.

- **POPULATION:** Population estimates in the Greater Carlsbad area differ. According to the American Community Survey five-year estimates, it was approximately **37,330 in 2013**, while the total Eddy County population was estimated to be **55,471**. Based on water use and new employment, however, Greater Carlsbad's current population **is estimated at 71,500**.
- **HOUSING SHORTAGE:** Despite the addition of **1,340 new housing units since 2010** in the Carlsbad area (759 apartments, 567 single family homes, 16 duplexes) the rental vacancy rate was only 0.2 percent in April 2015, and there are only half the typical number of houses listed for sale.
- **RISING HOUSING PRICES:** The median house price in Eddy County rose from \$130,000 to \$164,000 from 2009 to 2014, an **increase of 26 percent** during a period when most of the country was still in recession. Without a subsidy, it will be difficult to find decent and safe housing for sale for households with incomes below 80 percent AMI.
- **RENTAL PRICES:** Average rents for more than 70 percent of the apartment units in Carlsbad in 2014 were **\$900 for a one-bedroom, \$1,248 for a two-bedroom, and \$1,425 for a three-bedroom unit**. These are unaffordable for households with income below 80 percent of AMI without a subsidy. Some people are paying \$900 for a one-bedroom, 550-square-foot apartment while others are paying \$1,500 to \$1,800 to rent a house with three bedrooms and two baths.
- **SUBSIDIZED APARTMENTS:** More than **200 people are on waiting lists for 585 subsidized apartments** in Carlsbad and Artesia.
- **LIVING QUARTERS:** Employees are living wherever they can. City and county RV parks and campgrounds are full, and the City has approved eight additional temporary mobile home/RV parks to house workers. Local hotels are also full of employees (estimated to be up to 70 percent of some 1,500 rooms), and room prices have doubled over the past few years. Workers are also living in RVs and mobile homes parked in the back yards of single family dwellings.

Housing inspectors found three persons living in a 200 SF storage shed/laundry building in Carlsbad for \$900 a month.

- **EMPLOYER NEEDS:** Many employers in the county who answered a housing survey in March 2015 said the lack of quality housing and high prices are making it hard for them to recruit employees. Collectively they had a total of **500 full-time jobs and 66 part-time jobs open** at the time.
- **VACANT LAND:** There is a limited amount of vacant land served by infrastructure (water, sewer, roads, power) that is for sale at reasonable prices. There also is only one major production builder in the area; he produces approximately 80 homes a year at prices affordable to those with annual incomes at 100 of the Area Median Income or AMI (\$60,500) and higher. Several custom builders are able to construct a few homes annually on separate lots, which is a more costly process that results in higher home prices.
- **COST BURDEN:** There are **more than 1,400 renter households in Carlsbad** that are paying more than 30 percent of their incomes for housing (typically those with annual incomes that are 60 percent or less of AMI or \$36,300 for a four-person household). Households earning less than \$20,000 annually are most cost-burdened. They would need subsidies to bring their housing costs down to an affordable level.
- **GENERAL WORKFORCE NEED:** Another **1,550 renters in Carlsbad** earning between **60 percent and 100 percent of AMI** (or \$25,440 to X for a 1-person household; \$36,300-\$60,500 for 4-person household;) also need more affordable rental units, while at **least 200 need homes to purchase**. These households could afford an existing, older home, which are limited in supply and quality, or possibly a new modular single family home or townhouse. To begin to afford a new site-built home, households generally need an income of at least 100 percent of the area median.
- **MARKET RATE NEED:** There is also an estimated need for **100 market rate rental units** for households earning above 100 percent OF AMI (\$60,500), and **more than 400 new** homes over the next five years for households earning 100 percent of AMI and above.

FUTURE: Over the next five years, if the energy boom continues, Carlsbad may need an **additional 1,500 affordable and workforce rental units**. Developers have been wary about overbuilding, and residents have been skittish about what they believe is over-paying for houses that might drop in price if the energy boom ends. While no one can predict the future, employers say they intend to **hire 470 more** people over the next five years, oil and gas companies expect the boom to last up to 20 years.

The City of Carlsbad will continue to concentrate on facilitating development of a range of housing choices that meets the diverse needs of current and future residents. Its goals and policies are stated in Section V and continue to include an infrastructure subsidy and collaboration with non-profit and private developers to accomplish its housing goals.

I. Introduction and Overview

The State of New Mexico enacted amendments to the State constitution to create the Affordable Housing Act in 2004, 2007 and 2015. The Affordable Housing Act permits State and local governments to provide or pay the cost of land buildings or necessary financing for affordable housing projects; provided they have an adopted and approved affordable housing plan and ordinance Affordable housing projects provide residential housing primarily for persons or households of low or moderate income.

Under the provisions of the Act, a municipality may:

- A. donate, provide or pay all, or a portion, of the costs of land for the construction on the land of affordable housing;
- B. donate, provide or pay all or a portion of the costs of conversion or renovation of existing buildings into affordable housing;
- C. provide or pay the costs of financing or infrastructure necessary to support affordable housing projects; or
- D. provide or pay all or a portion of the costs of acquisition, development, construction, financing, operating or owning affordable housing.

The Affordable Housing Act requires the local governing body to adopt an Affordable Housing Plan by resolution and an accompanying Ordinance if it wishes to provide donations towards affordable housing. The plan and ordinance must also be reviewed and approved by the NM Mortgage Finance Authority before donations may occur. The experience of the City of Carlsbad and the analyses conducted for this plan indicate that such donations will help the City accomplish its housing goals.

A. Organization of the Plan

The Carlsbad Housing Analysis and Strategic Plan updates and replaces the existing strategic housing plan of 2009. It contains the information that has been collected and analyzed to further an understanding the housing market and unmet needs in Carlsbad. It also identifies existing and projected future housing needs in the city of Carlsbad.

The housing plan examines the existing housing market and identifies the need for both affordable and market rate housing. It identifies specific obstacles to the development and construction of affordable housing as well as unique opportunities available to meet the needs identified in the community profile and housing needs assessment. Then, the plan recommends how, when, where and by whom local housing issues will be addressed. These recommendations to increase affordability by housing types for owners and renters are contained in goals, policies, and quantifiable objectives. The programs that are recommended, which include actions by the City administration and other housing providers, address specific needs for construction, rehabilitation, preservation and financing of affordable housing

The Affordable Housing Plan is organized according to the MFA requirements for such plans, with the following sections:

I. Community and Housing Profile

- Demographics, which include the characteristics and trends of the local population and economic conditions.
- Housing Characteristics, which include general characteristics of Carlsbad's existing housing stock.
- Housing Market Analysis, which includes recent development trends and the prices and affordability of homes for sale and rentals.

II. Housing Needs Assessment

- Existing Needs, which covers existing housing needs in the Carlsbad area for the general population and special populations
- Projected Needs, which forecasts future housing and rehabilitation needs.

III. Land Use and Policy Review, which examines constraints to affordable housing development in local land use regulations and development policy, and offers recommendations to overcome the constraints.

IV. Goals, Policies and Quantifiable Objectives, including the target number of new and rehabilitated units per year by type.

B. Methodology

Four main types of information were used in developing this plan: 1) demographic, economic, and housing data, 2) local housing and related information from stakeholder interviews and public meetings, 3) existing documents, plans and policies, and 4) information from websites, articles and other secondary sources.

Sources for statistical data include the 2010 US Census counts, the American Community Survey three- and five-year estimates, the Bureau of Labor Statistics, and the Bureau of Business and Economic Research at the University of New Mexico (BBER). The most up-to-date comparable available data were used.

The consultants conducted interviews with property managers, area developers, real estate agents, and nonprofit organizations to gain insight into the housing situation. A list of people interviewed can be found in the Appendices. A meeting with the Carlsbad Housing Advisory Committee composed of stakeholders and housing providers was held in October 2014 to obtain preliminary information about housing issues in Carlsbad, perceptions of housing needs, and preferences for new housing.

The City of Carlsbad's adopted plans, regulations and policies were reviewed to determine how these impact the development of affordable housing. An annotated summary of these documents and potential impacts of current regulations are documented in the Land Use and Policy Review.

The consultant team, in conjunction with the Carlsbad Department of Development, also conducted a survey of local employers to determine the housing needs of their employees and consider what could be done to meet those needs.

C. Community Overview

The city of Carlsbad is located in the Pecos River Valley of southeastern New Mexico about 25 miles north of the Texas border. It sits east of the Guadalupe Mountain foothills (the southernmost part of the Rocky Mountain chain) and at the northern and eastern end of the Chihuahuan Desert, a shrub desert of yuccas and agaves, grasses, Prickly Pear and Creosote bush. At an elevation of 3,100 feet, it receives about 15 inches of rainfall a year.

In 2010, Carlsbad was New Mexico's tenth largest city, but it remains somewhat isolated. The nearest incorporated community is Artesia, approximately 36 miles away. Of the nearest metropolitan areas, El Paso/Juarez is 166 miles to the southwest on the Texas-Mexico border, Midland/Odessa, TX is 170 miles to the east, and Albuquerque, NM is 277 miles to the northwest.

The city has its roots in ranching and farming. Texas cattlemen attempted to graze cattle in the area in the mid-1800s, and Charles and John Eddy from New York formed a livestock company in 1884 with Amos Bissell to operate in southeastern New Mexico. One of their first ventures was the Halagueno Ranch, which encompassed the area from Seven Rivers to La Huerta. Charles Eddy and his partners created a system of canals and flumes to divert water from the Pecos River to their properties and laid out plans for a new town on the south bank of the Pecos. Incorporated as the Town of Eddy in 1888, it was later renamed Carlsbad by city residents, after a famous European health resort, Karlsbad (in what is now the Czech Republic). The water in both towns was said to have nearly identical content and healing properties.

In early 1891 the first train on the new Pecos Valley Railroad arrived in Eddy from Pecos, Texas. Crops of cotton and alfalfa along with cattle, sheep, wool and people could now be moved in and out of the area with greater ease. It brought more investors and settlers into the area. Also helping the new town to grow was a Bureau of Reclamation project in 1907 that rebuilt the system of dams and canals, irrigating 25,000 acres of previously unfarmed land. A year later a road to El Paso was built, followed by an airport in 1926.

In 1909 oil was discovered near the town of Dayton, between Artesia and Carlsbad. Another big oil strike hit in 1923 after Martin Yates, Jr. purchased a well near Artesia, said to be a "gusher." Drilling gathered

momentum, and by 1930 the area's oil production was valued at \$32 million annually. Drilling for natural gas and mining of potash followed.

Carlsbad Caverns, an outstanding profusion of diverse mineral formations in a network of more than 80 limestone caves, also began to capture the imagination of early residents in the early 1900s. It was named a national park in 1930, preserving its beautiful formations for posterity, and bolstering tourism in the area. It was followed by the establishment of Living Desert Zoo and Gardens State Park in 1971 and the Guadalupe Mountains National Park in 1972. Just north of Carlsbad, Brantley Dam was finished in 1988, reducing flooding and creating a new state park for fishing and other activities.

Later in 1988, Congress established the Waste Isolation Pilot Plant near Carlsbad, the national's first facility to permanently dispose of transuranic waste in deep underground vaults. The project created new jobs in the area, attracting a new generation of educated residents. The first barrels of waste began arriving in 1998.

Figure 1. Location Map



II. Community and Housing Profile

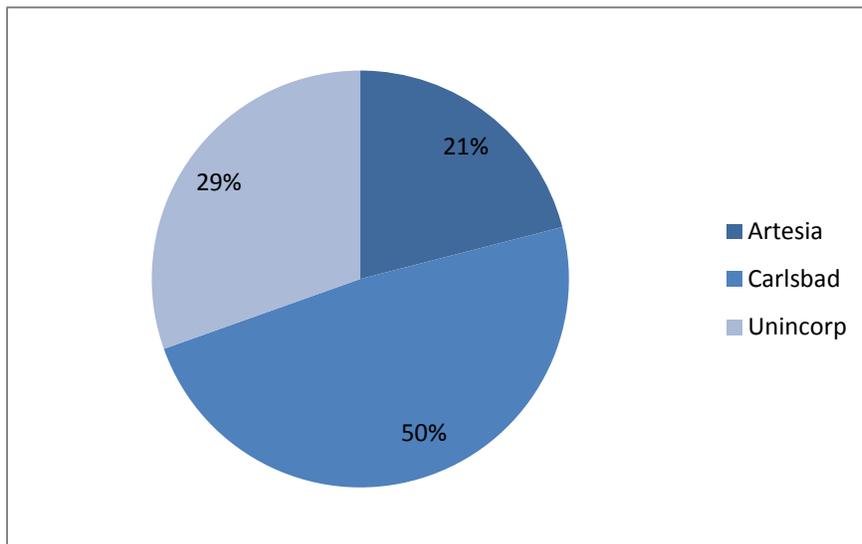
A. Demographic Characteristics

Current Population

The population in Carlsbad and Eddy County generally ebbs and flows with the production of the oil and gas and potash industries. During the latest boom, the most recent Census estimate (2013 ACS) puts the county-wide population at 54,646 people, a full 3.1 percent increase since 2010. The majority of the population increase came from Carlsbad, which grew 5.8 percent over the three-year period, with a smaller additional amount from Artesia, which grew 1.6 percent. Population in the Unincorporated Area, which in this report includes the small villages of Loving and Hope as well as the places of Malaga and Happy Valley, was estimated at 16,334.

In 2013, at an estimated 27,653 residents (2013 ACS), Carlsbad made up 50 percent of the population in Eddy County, followed by the Unincorporated Area (29%) and Artesia (21%).

Figure 2. Subarea Shares of Eddy County Population, 2013



Source: American Community Survey, 2013 estimates

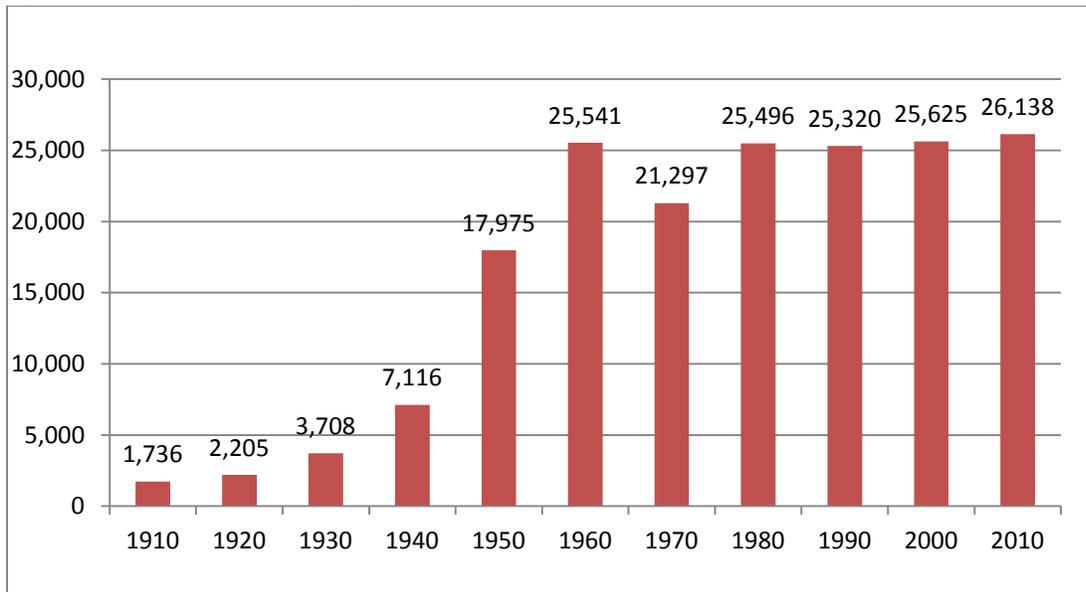
There is reason to believe, however, that Carlsbad's population numbers may be much higher than the official estimates. Judging by the number of new jobs created between 2000 and 2013, and the current water use, the current resident population in the greater Carlsbad area already may be as large as 71,500—a figure not anticipated until beyond 2040. The Carlsbad Department of Development (CDOD), a nonprofit devoted to attracting business to the area, contends that dividing total water use in the county per day (excluding the Malaga, White's City, and Artesia systems as well as agricultural water

use) by an average water use of 150 gallons per person per day produces a population figure of approximately 71,500.

Historical Population Trends

As detailed in Figure 3, Census data indicate that Carlsbad’s population grew continuously and dramatically from 1910 to 1960 when it reached 25,541 persons. The population declined significantly between 1960 and 1970, then recovered by 1980. Since then, Carlsbad’s population has been fairly stable with small increases each decade except one, growing 2.0 percent between 2000 and 2010.

Figure 3. Carlsbad Historic Population Trend, 1910 to 2010 Census Counts



Source: US Census, BBER

Carlsbad’s growth was slower from 1990 to 2000 than growth in the Unincorporated Area of Eddy County and in the state. While increasing by 2.0 percent from 2000 to 2010, Carlsbad’s percentage growth still lagged behind that in the Unincorporated Area and Artesia. That changed dramatically between 2010 and 2013 when the city’s estimated growth rose 5.8 percent over just three years.

Table 1. Comparative Population Growth, 1990-2013

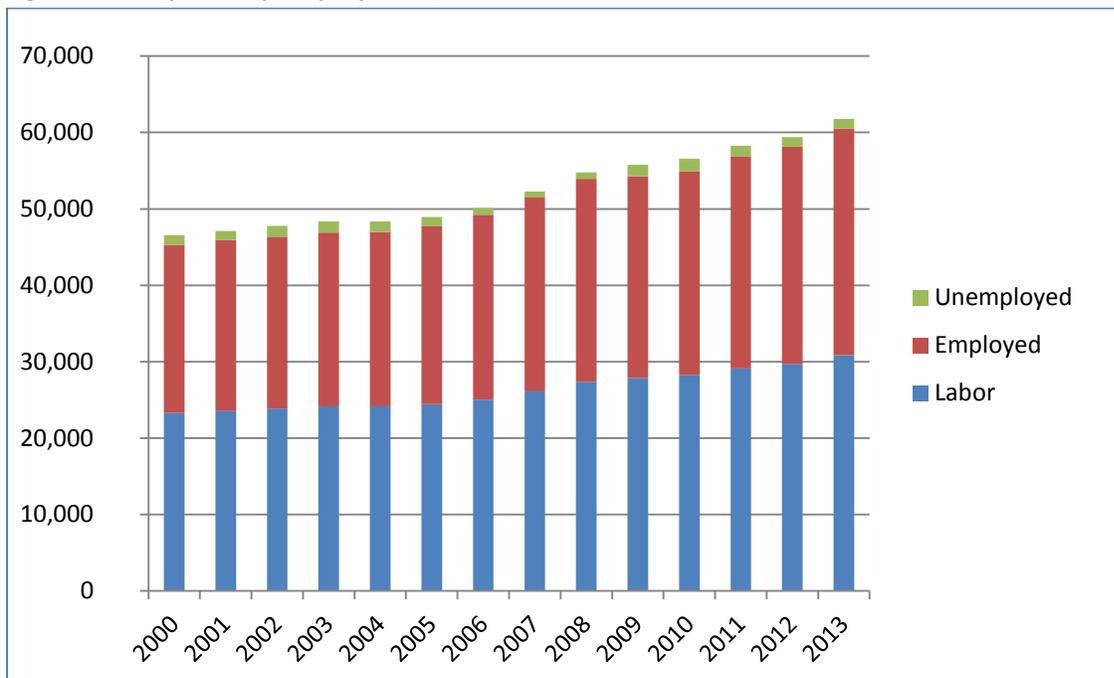
	1990	2000	2010	2013	% Change 1990- 2000	% Change 2000-2010	% Change 2010- 2013
Artesia	10,775	10,692	11,301	11,484	-0.8%	5.7%	1.6%
Carlsbad	25,320	25,625	26,138	27,653	1.2%	2.0%	5.8%
Unincorporated*	12,510	15,341	16,390	16,334	22.6%	6.8%	-0.3%
Eddy County	48,605	51,658	53,829	55,471	6.3%	4.2%	3.1%
New Mexico	1,515,069	1,819,046	2,059,179	2,085,287	20.1%	13.2%	1.3%

Source: US Census, 1990—2010 American Community Survey 2011-2013 * Includes Loving, Hope and colonias

Census figures do not tell the entire story, however. From 2000 to 2010, employment statistics show that Eddy County added 4,700 new jobs while the Census counted only 2,171 additional residents (Bureau of Labor Statistics). Between 2000 and 2013, the County added a total of 7,578 jobs, compared with an estimated 2,988 new residents, a difference of more than 4,500 people. Fifty-four percent of the new jobs (4,085) were added in the natural resources and mining sector, while most of the remainder were spread among the industry sectors of construction (11.5%); education and health (10.9%); trade, transportation, and utilities (9.5%) and professional and business services (6.2%).

While some of the jobs may have been filled by existing residents, the job increases were accompanied by parallel increases in the labor force, as seen in Figure 4. The unemployment rate has fluctuated between a high of 6 percent in 2003 and low of 2.8 percent in 2007, and in April 2015 was 4.4% (Bureau of Labor Statistics). These increases put a strain on local housing.

Figure 4. Eddy County Employment, 2000-2013



Source: Bureau of Labor Statistics, 2000-2013

According to local sources, temporary RV/mobile home “man camps” are springing up around the County, oil and gas companies are renting hotel and motel rooms for their workers, and available apartments and homes are being occupied as soon as they are available. Some workers are living in their vehicles. This demand for housing combined with the high salaries of oil and gas workers—\$50,000-\$80,000 or more annually—is driving up the local costs of housing and depleting local housing inventory. Hotel and motel rooms that cost \$100 to \$150 several years ago have doubled in price. Some oil and gas companies have invested in building new hotels and motels with the guarantee of retaining many of the new rooms for their workers.

The apartment vacancy rate was 0.2 percent in April 2015, with only one 3-bedroom unit available in any of the seven market rate complexes surveyed and four units among the 12 subsidized complexes. This is despite an increase of 759 apartment units and 567 homes in the Carlsbad area since 2010. Local realtors say there is usually an inventory of 130 homes for sale in the area, but that has dropped to about 70. Workers living in hotels and motels or housed in temporary RV/mobile home parks or man-camps often are not counted by the US Census or sampled by the American Community Survey, which can account for the disparity between the population figures and the employment numbers. Some return to homes in other areas for the weekend or their days off, but still need a place to stay near while they are working in Eddy County. Their high salaries, however, allow them to outbid other county residents for housing. This drives up prices for every type of housing and makes it expensive for prospective tourists to stay in the area to visit Carlsbad Caverns and other sights.



Examples of temporary RV parks or “man camps” in Carlsbad.

(Photos: Jeff Patterson)



A local hotel clerk said she could have rented the travel trailer in her yard for \$600 a month had she been willing to share kitchen and bathroom facilities. A young married couple is living with their in-laws in order to afford rent at \$1,700 a month. One company said an employee rented a room at a local gym for 1.5 years because he could not afford the local rents. Both the City and County have unfilled jobs because they can't find temporary or permanent housing for new hires.

Demand for housing for trainees and staff at the Federal Law Enforcement Training Center (FLETC) in Artesia, which in the past had driven up local housing prices, is no longer a big factor in Carlsbad, according to local people. The center, which serves as an interagency law enforcement training organization for 91 Federal agencies, has built additional housing on campus, easing the shortage.

Future Population

The future population is difficult to project when there is disagreement about the current population numbers as well as the longevity of the current energy boom. According to earlier projections, Carlsbad's population was expected to continue growing over the next 30 years.

Based on the 2010 Census count, The Bureau of Business and Economic Research originally projected that Eddy County would grow from 53,829 people in 2010 to 65,258 by 2040, but that its rate of growth would gradually slow from 73 percent between 2010-2015 to 52 percent between 2035 and 2040. The county was projected to reach a population of 55,832 by 2015, but may already have grown beyond that.

Table 2. Population Projections for Eddy County, 2015-2040

Eddy	As of July 1...						
County	2010	2015	2020	2025	2030	2035	2040
Eddy	53,829	55,832	57,908	59,945	61,836	63,595	65,258
Eddy	0.73%	0.73%	0.69%	0.62%	0.56%	0.52%	

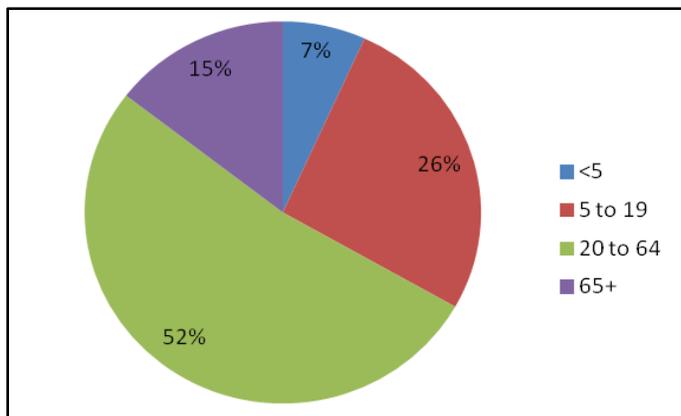
Source: BBER

The accuracy of future projections also depends partly on the boom and bust cycles of energy and potash industries and general diversification of the county economy. While these cycles typically last five to seven years, industry executives are now projecting the boom to last up to 20 years, as the area is one of the lowest-cost producers of oil and gas. Local realtors and CDOD say the county has diversified sufficiently to be less impacted by the energy cycles. Employers who answered a housing survey in March 2015 said they currently have a total of 500 unfilled full-time jobs and 66 part-time jobs and expect to hire a total of 470 new employees over the next five years. How many people will continue to stay in the county in the future will depend on the longevity of the energy boom, economic diversification and housing availability. The Carlsbad Department of Development is continuing its efforts to retain a portion of the oil and gas employees as permanent residents through economic diversification and expansion of the housing inventory.

Age Distribution

In 2010 (Figure 5), just over half the Carlsbad population was working age, and a little more than a quarter was school age. Seniors made up 15 percent of the population while children under five comprised 7 percent.

Figure 5. Carlsbad Population Percentages by Age Groups, 2010



Comparative Age

At 37.6 years, Carlsbad’s median age in 2010 was slightly younger than in 2000. This was still older than the populations in both Eddy County (37.3) and the state as a whole (36.7), however.

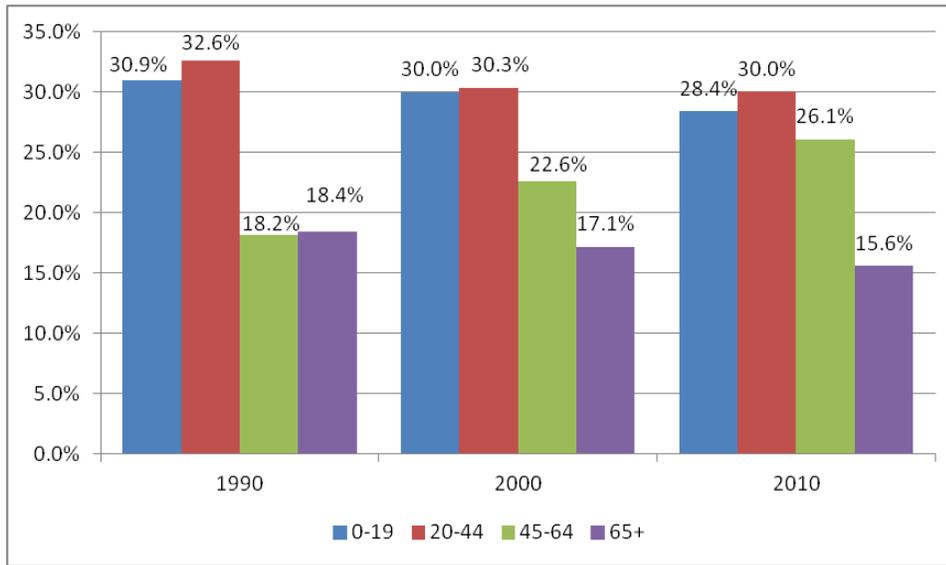
Figure 6 shows the shifts in population age over time. Between 2000 and 2010, the numbers of those ages 5 to 19, 35 to 44, and 70 to 84 declined somewhat. During the same period, the population aged 20 to 34 and 45 to 69 increased. The most substantial growth was seen in those ages 55 to 59 (42%) and 60 to 64 (38%). The senior population ages 70 to 84 decreased, although those ages 85 and older increased.

Table 3. Select Population Characteristics, 2000 and 2010

	Carlsbad 2000	Carlsbad 2010	% Change Carlsbad 2000-2010	% Total Carlsbad 2010	% Total Eddy Co. 2010	% Total New Mexico
Total Population		26,138	2.0%	26,138	53,829	2,059,1
Age Groups						
Under 5 years	1,879	1,898	1.0%	7.3%	7.1%	7.0%
5 to 9 years	1,927	1,818	-5.7%	7.0%	7.1%	7.0%
10 to 14 years	1,938	1,828	-5.7%	7.0%	7.3%	6.9%
15 to 19 years	1,931	1,869	-3.2%	7.2%	7.3%	7.3%
20 to 24 years	1,446	1,628	12.6%	6.2%	5.9%	6.9%
25 to 29 years	1,376	1,674	21.7%	6.4%	6.5%	6.8%
30 to 34 years	1,461	1,627	11.4%	6.2%	6.1%	6.2%
35 to 39 years	1,648	1,398	-15.2%	5.3%	5.7%	6.0%
40 to 44 years	1,842	1,515	-17.8%	5.8%	6.0%	6.1%
45 to 49 years		1,661	12.3%	6.4%	6.9%	7.0%
50 to 54 years	1,573	1,894	20.4%	7.2%	7.5%	7.1%
55 to 59 years	1,269	1,799	41.8%	6.9%	6.9%	6.6%
60 to 64 years	1,055	1,460	38.4%	5.6%	5.6%	5.8%
65 to 69 years	1,045	1,111	6.3%	4.3%	4.1%	4.3%
70 to 74 years	1,020	869	-14.8%	3.3%	3.2%	3.2%
75 to 79 years	989	759	-23.3%	2.9%	2.7%	2.4%
80 to 84 years	736	648	-12.0%	2.5%	2.0%	1.8%
85 years and over	597	682	14.2%	2.6%	2.0%	1.6%
Median Age	37.7	37.6	-0.3%	37.6	37.3	36.7
Senior Population 65+	4,387	4,069	-7.2%			
Sex						
Male	12,343	12,836	4.0%	49.1%	49.9%	49.4%
Female	13,282	13,302	0.2%	50.9%	50.1%	50.6%
Race						
White	19,9834	20,236	2.0%	77.4%	77.4%	68.4%
Black or African American	563	498	-11.5%	1.9%	1.4%	2.1%
American/Alaskan Native	321	335	4.4%	1.3%	1.5%	9.4%
Asian	181	262	44.8%	1.0%	0.7%	1.4%
Some Other Race	4,080	4,007	1.8%	15.3%	16.0%	15.1%
Hispanic or Latino ethnicity (any race)	9,417	11,105	17.9%	42.5%	44.1%	46.3%
Veterans * (2008-2012)	-----	2,338		----	----	----

* Data not available for 2000 or 2010 Census

Figure 6. Shifts in Population Age in Carlsbad over Time

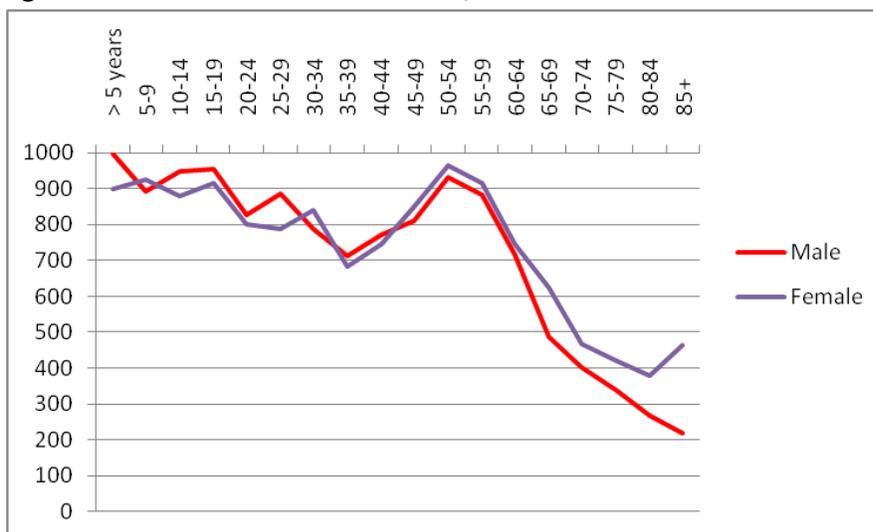


Source: US Census counts 1990-2010

Gender Distribution

There are more males than females from ages 10 through 44 in the five-year age groups except for the 30 to 34 age group. From ages 45 through 85-plus, however, females predominate. By ages 85-plus, their numbers reached twice that of males.

Figure 7. Carlsbad Gender Distribution, 2010



Source: US Census 2010

Race and Ethnicity

In 2010, a little over 77 percent of the population in Carlsbad was White, similar to Eddy County but slightly higher than in the state generally. Of the total White population, more than two-thirds were non-Hispanic while a third was Hispanic. African Americans, American/Alaskan natives, and Asians together composed 4.0 percent, and another 15 percent described themselves as “some other race.” While small in number, the Asian-American population grew in size while the African American population decreased.

Some 43 percent of Carlsbad residents were Hispanic of any race, a slightly lower percentage than in surrounding Eddy County or New Mexico in general. Their numbers increased by nearly 18 percent between 2000 and 2010. Twenty-four percent of the total population was both White and Hispanic.

In Eddy County, the non-Hispanic White population represented a slightly lower proportion than in Carlsbad in 2010, at 52.2 percent. Hispanics of any race accounted for 44.1 percent of the population, and all other minorities accounted for only 3.6 percent of Eddy County’s total population.

New Mexico as a whole is more racially and ethnically diverse than Eddy County or Carlsbad. In 2010, 40 percent of the State’s population was non-Hispanic White, while Hispanics of any race represented 46.3 percent of the population. Native Americans accounted for 8.5 percent, Black/African Americans for 1.7 percent, Asians for 1.3 percent, and other races for 1.7 percent of New Mexico’s population.

Income and Poverty

The 2012 median household income in Carlsbad (reported in 2012 for the past 12 months) was \$46,309 as estimated in the 2008-2012 ACS, a 51 percent increase since 1999. Median household income in Carlsbad was somewhat lower than in Eddy County as a whole but higher than in New Mexico generally. In 2012 an estimated 12.1 percent of individuals and 8.7 percent of families had incomes below the poverty level. These rates are substantially less than those in 1999 and may be due to the increase number of jobs in the area or changes in data collection and estimation.

Table 4. Income and Poverty, 1999 and 2012

	City of Carlsbad 1999	City of Carlsbad 2012*	% Change 1999- 2012*	% Total City of Carlsbad 2012*	Eddy County 2012*	New Mexico 2012*
Income						
Median Household Income	\$30,658	\$46,309	51.1%	--	\$47,940	\$44,886
Median Family Income	\$35,640	\$57,287	60.7%	--	\$58,836	\$54,221
Per Capita Income	\$16,496	\$24,887	50.9%	--	\$27,092	\$23,749
Households receiving Social Security (SS) income in the past 12 months	3,248	3,224	-0.7%	32.7%	31.7%	29.7%
Households receiving Supplemental Security Income (SSI)	557	663	19.0%	6.7%	5.5%	5.2%
Households receiving cash public Assistance	543	281	-48.3%	2.8%	2.8%	2.7%
Households receiving food stamps/SNAP benefits	N/A	1,298	----	13.2%	13.3%	12.7%
Poverty						
Individuals below poverty level	4,175	3,105	-25.6%	12.1%	13.0%	19.5%
Families below poverty level	921	557	-39.5%	8.7%	8.9%	14.9%
Children under 18 below poverty level (1,528	799	-47.7%	12.3%	15.5%	27.7%
Individuals 65 years and older below poverty level	448	315	-29.7%	8.7%	10.4%	12.2%

Source: US Census 2000; *2008-2012 American Community Survey 5-Year Estimates

Income by Household Type

Although incomes in Carlsbad can be very high, there are big differences by household type. In general, non-family households have the lowest incomes – only 52 percent of the city median household income. Female householders living alone, who are often elderly women, and male householders living alone have the lowest incomes of any household or family type at 47 and 42 percent, respectively, of the city’s median in 2013. Married couples fare much better (158% of median). Households headed by an elderly person and those headed by females also have relatively low incomes, consistent with the poverty statistics above. Households most in need of affordable housing will include female-headed families, particularly women living alone, male householders living alone, and households headed by a person 65 or older. Native American households are estimated to have incomes far above the city’s median, although their numbers are so few that the estimate has a very high margin of error. Male veterans had median incomes comparable to senior households, while female veterans had median incomes less than half of male veterans. These were individual incomes, however, rather than household incomes.

Table 5. Median Income by Demographic Characteristics, City of Carlsbad, 2013

	Number	Median Income	% of City Median Household Income
Households	10,424	\$45,287	100.0%
Families*	6,585	\$56,709	125.2%
With children under 18 years	3,029	\$53,393	117.9%
With no children under 18 years	3,556	\$60,112	132.7%
Married couple families	4,629	\$71,393	157.6%
Female-headed families, no husband present	1,370	\$28,021	61.9%
Male-headed families, no wife present	532	\$46,602	102.9%
Non-Family Households	3,839	\$23,423	51.7%
Female householder	1,885	\$22,233	49.1%
Female householder living alone	1,693	\$21,442	47.3%
Male Householder	1,954	\$24,986	55.2%
Male Householder living alone	1,547	\$18,816	41.5%
Householder 65 years or older	2,554	\$31,103	68.7%
Race and Ethnicity			
Hispanic or Latino, any race	4,107	\$39,385	87.0%
White, not Hispanic	5,848	\$50,824	112.2%
Native American**	N	\$78,965	174.4%
Veterans	2,196	\$31,366	----
Male	95.2%	\$31,985	----
Female	4.8%	\$13,059	----

Source: - 2011-2013 American Community Survey 3-Year Estimates. "N" means number of cases too small to portray

* Numbers based on 2008-2012 percentages because not available for 2011-2013

**Data has high margin of error

Groups with Special Needs

There are several categories of households and individuals in Carlsbad that may have special housing needs. These include the elderly and single parent families, who are likely to have lower incomes than average, as well as the elderly, those with disabilities, the homeless and families experiencing some type of emergency situation. These groups may need short-term emergency assistance or longer term assistance, including affordable housing and/or supportive services. Census data and information gathered through interviews with local service providers in Carlsbad indicate that the groups described below have affordable housing needs.

Single-Parent Families. Single-parent families are generally at an income disadvantage because there is often only one income earner. In Carlsbad, female-headed families (no husband present) have incomes that are less than 62% of the city median. In contrast, male-headed households (no wife present) have incomes at or above the city median. Census data indicate that there may be as many as 3,225 female-headed households in Carlsbad, of which 1,693 are single women who live alone. An estimated 1,370 households are single parent, female headed families.

Women Experiencing Domestic Violence. Women experiencing domestic violence have a range of housing needs. They are often in need of both affordable housing and supportive services such as child care, training in job skills and counseling. Typical client incomes at the Carlsbad shelter are about \$19,000 per year.

Seniors. Seniors are one of the fastest growing demographic groups in the country. By 2030, the US Census Bureau predicts that 26.4 percent of the New Mexico population will be made up by seniors.¹ Seniors often experience changing housing needs as they age. Initially many wish to downsize and have less responsibility for the maintenance that comes from owning one's home; later, they may have health issues that require additional care and special housing needs. Potential housing types that may appeal to seniors include active living (retirement) communities that provide a range of opportunities (both independent and group housing care facilities), condominiums and apartments.

Because seniors are often on a fixed income, there is a greater need for affordable housing. Males and females living alone, who are often elderly, have the lowest incomes of any household type in Carlsbad, at 42 and 47 percent of median, respectively. An estimated 3,240 households fall into this category. The 2,554 households headed by a person 65 or older have incomes that, on average, are 69 percent of the median household income for Carlsbad. An estimated 311 (29.3%) of elderly homeowners and 175 (17.2%) of renters have a housing cost burden (Table 30).

Individuals with Disabilities. Individuals with physical disabilities and mental illnesses, including substance abuse issues, have a variety of unique housing needs. Those with physical disabilities may require ADA-accessible homes, an additional living space for a full-time caregiver within their homes, or an assisted living facility. People with severe mental health issues may not be capable of living on their own, and could also require assisted living facilities, while those with substance abuse problems often require transitional housing that provides a range of counseling, education, and employment services.

Table 6 shows the Census estimates of individuals with disabilities in Carlsbad averaged over the years 2011-2013. Current three-year estimates are also shown for Eddy County and New Mexico. Disabilities include sensory (vision and hearing), physical, and mental disabilities as well as inability to take care of oneself, problems going outside the home, limitations on the ability to work, and inability to live independently. Over these years, approximately 16.6 percent of Carlsbad residents—4,391 persons—indicated some type of disability. The percent of veterans with a disability was nearly double that, at 28.7 percent. Housing assistance for individuals with disabilities can range from accessibility modifications to homes and apartments to group housing with some type of assistance or support. Because disabilities can vary widely in the impact they have on an individual's life, employment capabilities, and housing needs, it is hard to estimate the precise housing needs (in terms of numbers) of disabled people in Carlsbad from Census data alone.

¹ US Census Bureau, Interim Population Projections, 2005.

Table 6. Population with a Disability

	City of Carlsbad Disabled Individuals 2013	% of Carlsbad Population 2013	% of Eddy County Population 2013	% of New Mexico Population 2013
Total Civilian Population (non-institutionalized)	26,472	100%	54,173	2,047,997
Total Population with a Disability	4,391	16.6%	14.9%	14.1%
Population 5 to 17 years	5,299	100%	10,430	370,345
With a disability	202	3.8%	2.5%	5.0%
With a hearing difficulty	101	1.9%	1.0%	0.8%
With a vision difficulty	11	0.2%	0.1%	1.1%
With a physical disability/ambulatory difficulty	32	0.6%	0.3%	0.7%
With a mental disability/cognitive difficulty	122	2.3%	1.7%	3.4%
With a self-care disability/self-care difficulty	32	0.6%	0.5%	0.8%
Population 18 to 64 years	15,645	100%	32,582	1,248,253
With a disability	2,053	13.1%	13.3%	12.6%
With a hearing difficulty	375	2.4%	2.9%	3.0%
With a vision difficulty	286	1.8%	2.1%	2.7%
With a physical disability/ambulatory difficulty	1,590	10.2%	8.0%	6.6%
With a mental disability/cognitive difficulty	513	3.3%	4.1%	5.5%
With a self-care disability/self-care difficulty	391	2.5%	2.3%	2.4%
With an independent living difficulty	532	3.4%	3.3%	4.5%
Population 65 years and older	3,898	100%	7,373	289,350
With a disability	2,117	54.3%	46.2%	41.1%
With a hearing difficulty	962	24.7%	21.2%	19.6%
With a vision difficulty	629	16.1%	11.5%	9.4%
With a physical disability/ ambulatory difficulty	1,432	36.7%	31.2%	25.9%
With a mental disability/ cognitive difficulty	437	11.2%	10.2%	11.6%
With a self-care disability/self-care difficulty	513	13.2%	11.7%	9.6%
With independent living disability/difficulty	815	20.9%	18.7%	17.1%
Veteran Population	2,168	100%		
With a disability	622	28.7%		

Source: American Community Survey 2011-2013. *Excludes population under 5 years

Table 7 shows the estimated 2013 distribution of households by income in Carlsbad, Eddy County and New Mexico. Carlsbad has the highest percentage of households—more than 30 percent—with annual incomes less than \$25,000. Its median household income, however, is more than in New Mexico as a whole, but not than in the county. Eddy County in general has a higher percentage of households in the upper income brackets (\$75,000 or more) than Carlsbad or the state, as well as the highest median household income (\$50,226). Carlsbad has a slightly higher percentage of households earning between \$50,000 and \$75,000.

Table 7. Household Income Distribution for Past 12 months (2013 dollars)

	Total # Households, City of Carlsbad	% Total City of Carlsbad	% Total Eddy County	% Total New Mexico
Total Households (Estimate)	10,424	100.0%	20,445	760,251
Less than \$10,000	1,125	10.8%	8.0%	10.0%
\$10,000-\$14,999	677	6.5%	6.1%	6.8%
\$15,000 to \$24,999	1,384	13.3%	11.2%	13.0%
\$25,000 to \$34,999	927	8.9%	9.2%	11.4%
\$35,000 to \$49,999	1,448	13.9%	15.3%	14.2%
\$50,000 to \$74,999	1,813	17.4%	15.8%	16.8%
\$75,000 to \$99,999	1,146	11.0%	13.4%	11.0%
\$100,000 to \$149,000	1,291	12.4%	13.1%	10.3%
\$150,000 to \$199,999	364	3.5%	4.7%	3.7%
\$200,000 or more	249	2.4%	3.2%	2.8%
Median Income	\$45,287	--	\$50,226	\$43,747

Source: 2011-2013 American Community Survey 3-Year Estimates; percentage totals may not add to 100% due to rounding.

Table 8 shows the estimated percentage of households in Carlsbad that was at each income range between 2011 and 2013, as compared to the area median income. The AMI for a four-person household was used to develop this estimate. At the extremes, an estimated 22 percent of Carlsbad households have incomes at or below 30 percent of the area median income while 31 percent of Carlsbad households are estimated to have incomes above 120% AMI. In between, 19.1 percent had incomes from 30-60% AMI, 11.2 percent between 60-80% AMI, and 8.8 percent between 80-100% AMI.

Table 8. Estimate of Households by % AMI, 2013

% of AMI	AMI	Less than \$10,000	\$10,000 to \$24,999	\$25,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 or more	Total	% of Total
30%	\$18,150	1,125	1,120						2,245	21.5%
40%	\$24,200		831						831	8.0%
Very low 50%	\$30,250		110	487					597	5.7%
60%	\$36,300			440	126				566	5.4%
70%	\$42,350				584				584	5.6%
Low 80%	\$48,400				584				584	5.6%
90%	\$54,450				154	323			477	4.6%
100%	\$60,500					439			439	4.2%
120%	\$72,600					878			878	8.4%
Over 120%	\$72,600+					174	1,146	1,904	3,224	31.0%
Total		1,125	2,064	927	1,448	1,813	1,146	1,904	10,424	100.0%

Sources: American Community Survey 2011-2013 3-year Estimates, HUD 2014, Sites Southwest
 [Using 2014 AMI for Eddy County, but latest income data we have are the 2011-2013 ACS estimates]
 AMI assumes family of 4.

Local Economy and Employment

Economic base job growth in Carlsbad and Eddy County generally has historically outpaced population growth. Normally, this is a very positive trend. When a local economy grows faster than the population most local households, businesses and tax dependent institutions have more resources annually per person to invest in improvements. However, in cases where economic base job creation and resulting expansion of the local service sector outruns the ability of the community to grow housing for the local workforce, the benefits of job growth diminish.

This appears to be the case in Eddy County. A chronic shortage of housing, particularly during boom times in oil and gas and mining industries, has impaired the ability of local public and private employers to attract and hold workforce talent and has restricted the development of local services and amenities. If this persists, the lack of a sustainable housing supply will make it increasingly difficult for the County and its incorporated areas to reap the benefits of its economic growth and may even impair the County’s ability to market itself to economic base employers. High hotel prices and lack of RV spaces are putting a damper on the tourism industry in the area, according to the Carlsbad Chamber of Commerce.

By 2012, Carlsbad had 20,207 residents aged 16 and over, of which 12,893 were in the labor force (Table 9). Residents who are not in the labor force may be homemakers, retirees or students.

Table 9. Employment Characteristics of Carlsbad Residents, 2012

	City of Carlsbad	Eddy County	New Mexico
Population 16 and over	20,207	41,177	1,597,923
In the labor force	12,893	64.6%	61.3%
Civilian labor force	12,880	64.5%	60.7%
Employed	59.1%	59.6%	55.2%
Not in labor force	36.2%	35.4%	38.7%
Unemployed	7.3%	4.9%	5.5%
Unemployment November 2012, BLS Data		4.2%	
Civilian employed population 16 years old and over	11,935	24,561	882,461
Private wage and salary worker	76.0%	76.9%	70.1%
Government workers	18.8%	16.7%	22.6%
Self-employed	5.1%	6.3%	7.1%
Occupation			
Management, business, science, and arts occupations	31.3%	30.3%	35.1%
Service occupations	19.0%	16.7%	20.0%
Sales and office occupations	19.9%	20.9%	23.8%
Natural resources, construction, and maintenance occupations	18.0%	18.3%	11.9%
Production, transportation, and material moving	11.8%	13.7%	9.2

	City of Carlsbad	Eddy County	New Mexico
Industry			
Agriculture, forestry, fishing and hunting, and mining	13.3%	17.7%	4.5%
Construction	7.3%	7.0%	7.6%
Manufacturing	3.7%	5.9%	5.1%
Wholesale trade	1.4%	2.4%	2.1%
Retail trade	9.5%	8.3%	11.1%
Transportation and warehousing, and utilities	5.1%	5.8%	4.4%
Information	2.0%	1.3%	1.7%
Finance and insurance, and real estate, rental and leasing	5.0%	5.0%	4.7%
Professional, scientific, and management, and administrative and waste management services	7.1%	6.4%	10.8%
Educational services, and health care and social assistance	25.9%	20.8%	24.8%
Arts, entertainment, and recreation, and accommodation and food services	7.7%	9.0%	10.6%
Other services, except public administration	3.8%	4.1%	4.7%
Public administration	8.1%	6.0%	7.7%

Source: 2008-2012 American Community Survey 5-Year Estimates; Bureau of Labor Statistics Local Area Unemployment Statistics.

The unemployment rate reported by the Census based on the worker’s home location was 7.3 percent. The Census unemployment estimates appear to be higher than actual when compared to data provided by the Bureau of Labor Statistics. Therefore, unemployment figures from that source are also listed. In 2012 the average unemployment in Eddy County was 4.2 percent, according to the BLS. The high level of employment in Eddy County has created demand for housing in the county and its municipalities. While Carlsbad residents work in a diverse range of occupation types and industries, the agriculture, forestry, fishing and hunting and mining category accounted for 13.3 percent of their occupations, the second-highest category and considered a “basic” industry that exports its products out of state and brings in outside dollars. Employees in educational services, health care and social assistance were more plentiful, accounting for nearly 30 percent of occupations, but are most often service jobs that depend on the success of basic industry.

Some 76 percent of Carlsbad workers are private wage and salary workers, somewhat higher than New Mexico in general. Another 18.8 percent work for the government, lower than New Mexico generally, and 5.1 percent are self-employed, also lower than the state as a whole.

Jobs in Eddy County

The federal Bureau of Labor Statistics gathers data on the number and types of jobs based in Eddy County rather than what jobs are held by county residents, as reported by the Census surveys. BLS data

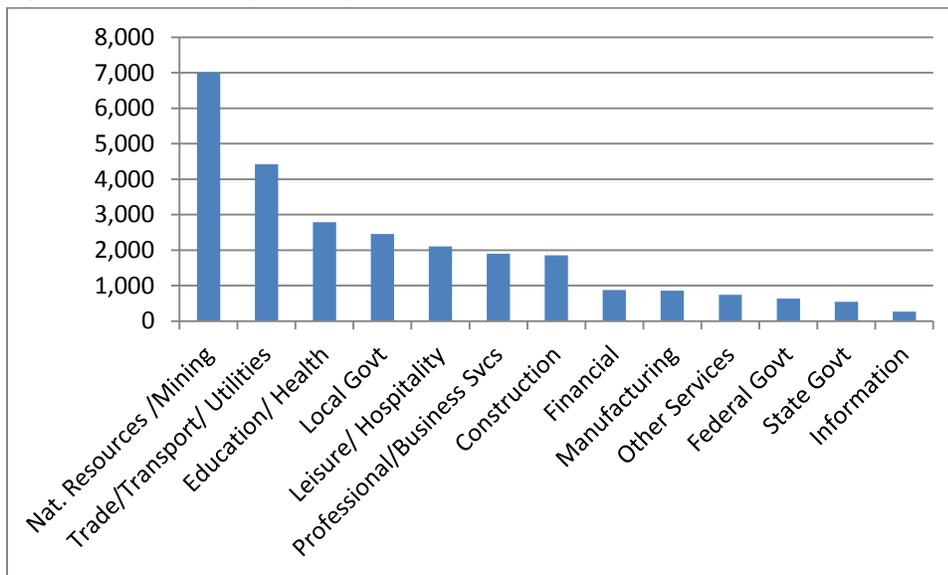
excludes proprietors, those self-employed, farm and domestic workers, and unpaid family or volunteer workers.

Table 10. Increases in Eddy County Jobs since 2000

Overall jobs	2000	2010	Difference	2013	Difference
Total average	18,846	23,547	4,701	26,422	2,875
Private	15,552	19,712	4,160	22,795	3,083
Services	10,794	12,791	1,997	13,083	292
Goods	4,758	6,922	2,164	9,712	2,790

Relative to other counties in the US, Eddy County in 2013 had location quotients higher than 1.00 for two industries, natural resources and mining (21.33) and construction (1.35) (Bureau of Labor Statistics). A location quotient compares the percentage of employment in a place (eg, Eddy County) with the percentage of employment nationwide. A number higher than one indicates that an industry is more concentrated in a region (or county) than average. Therefore, natural resources development and mining are nearly 20 times more concentrated in Eddy County than the average nationwide. The industry sector is by the largest employer of jobs in the County, as seen in the following chart. The average annual wage in the sector in 2013 was \$69,388.

Figure 8. Jobs in Eddy County 2013



Major Employers

Following is a list of the major employers in currently operating in Eddy County.

Table 11. Major Employers in Eddy County

Employer	Industry	Number of Employees
Waste Isolation Pilot Plant	Nuclear storage	800
Carlsbad Municipal Schools	Education	750-800
Intrepid Mining	Mining	770
City of Carlsbad	Government	500
Carlsbad Medical Center	Healthcare	491
Mosaic Potash	Mining	425
Eddy County	Government	314
Devon Energy	Oil and gas	280
Occidental Petroleum	Oil and gas	135
NMSU-Carlsbad	Education	110
Xcel Energy	Electric energy	42

Source: Carlsbad Department of Development, 2015

Industry / Company Descriptions

As can be seen in the previous table, potash mining and oil and gas development are the largest employers in the Carlsbad area, along with low level nuclear waste storage. These industries are supported by the education and healthcare systems. A significant share of the new oil and gas workforce might be candidates for renting and/or purchasing housing in greater Carlsbad.

Location of Jobs vs. Worker Place of Residence

To determine the magnitude of commuting, the Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) Origin-Destination Employment Statistics were reviewed for 2011, the most recent year for which data are available for Carlsbad.

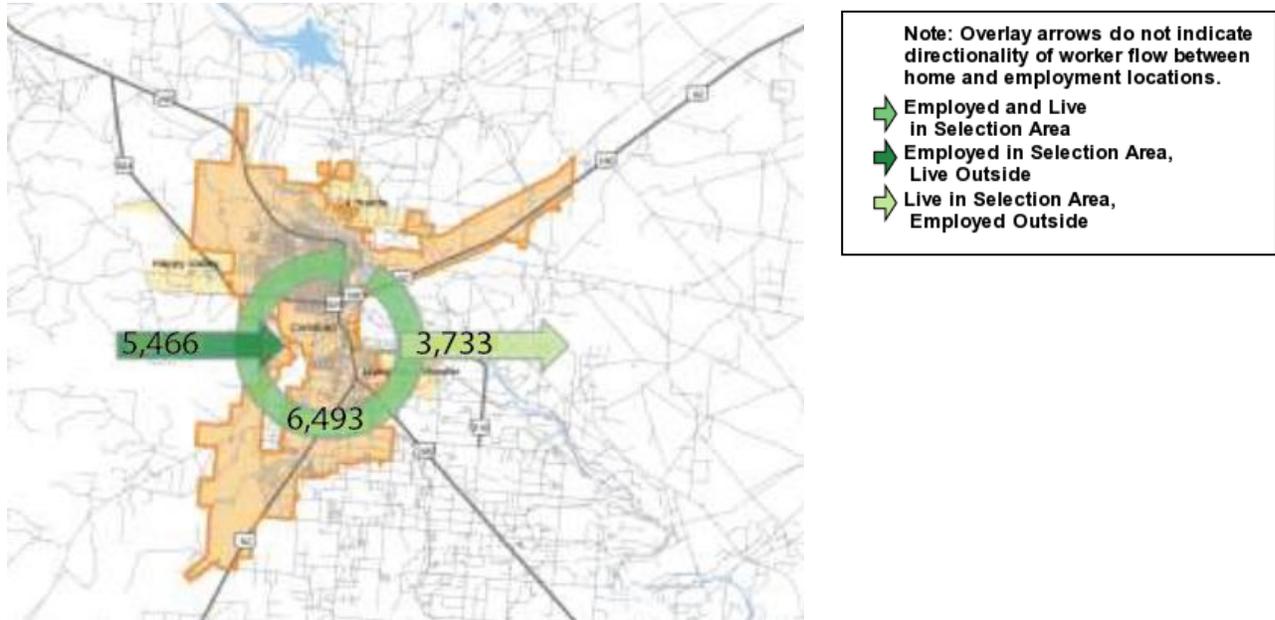
Table 12. Inflow/Outflow Job Counts (All Jobs) by Area, 2011

City of Carlsbad		
	Count	Share
Employed in the Area	11,959	100.0%
Employed in the Area but Living Outside	5,466	45.7%
Employed and Living in the Area	6,493	54.3%
Living in the Area	10,226	100.0%
Living in the Area but Employed Outside	3,733	36.5%
Living and Employed in the Area	6,493	63.5%

Source: U.S. Census LEHD Origin-Destination Employment Statistics

Census counts of workers by home and place of work indicate that there are 11,959 people employed in the city of Carlsbad. Of those, 6,493 (54.3 %) live in the city and 5,466 (45.7%) live outside the city and commute in. Another 3,733 (36.5%) live in Carlsbad but travel outside its boundaries for work.

Figure 9. Inflow/Outflow Job Count for Carlsbad, 2011



Source: U.S. Census, LEHD Statistics

Share of Temporary Workers

It is difficult to determine how many workers living outside the city of Carlsbad would move into the city if suitable housing were available. To assess this for Artesia, 153 employees were surveyed in who work in or near Artesia but live in other nearby communities. Of the people who responded to the survey, 36 percent lived in Roswell, 26 percent lived in Carlsbad, 9 percent lived in Hagerman, and the rest lived in communities surrounding Artesia to as far away as Albuquerque and El Paso (Clab, 2012). The survey showed that families who were established in nearby towns (61% of respondents) – those who had family there, grew up there, spouse employed there or children settled in schools – were unlikely to move. However, renters and those who had not yet established ties to the communities where they lived (34% of respondents) said they would consider moving. In addition, local employers believe that new employees would be more likely to choose to live in Artesia if suitable, affordable housing for rent and for sale were available.

In a March 2015 survey, Eddy County employers said 81 percent of their employees (2,842) lived in Carlsbad and the surrounding area. Some 10 percent live outside Eddy County in southeastern New Mexico, 7 percent live elsewhere in the county, and 6 percent live in other areas. The most oft-cited reason for living outside of Carlsbad and the surrounding area (62%) was that their employees “cannot find suitable housing.” The next most frequent reason (35%) was “family established elsewhere.” A few noted that the employment was temporary.

Future Expectations

The boom and bust of extractive economies create a conundrum for housing developers and providers. Overbuilding during a boom time can lead to a potential glut of housing and deflation of housing prices during down times. Employers and investors, fearful of being left with empty apartment buildings are investing in hotel spaces for employees and in RV parks, which can be more quickly be relinquished during a bust. It is difficult to know how much additional housing to build. Carlsbad has added more than 1,300 units since 2008 but still faces a shortage. Oil prices have fluctuated between \$100 and \$50 a barrel, but it is not easing the housing market. Some analysts expect it to remain between \$50 and \$80 a barrel (with occasional short-term spikes or plunges) possibly for the next several years.

Other Employment Possibilities

There is a possibility that thousands of jobs could be created at the Waste Isolation Pilot Plant (“WIPP”) if mid-level nuclear waste is permitted to be stored at the site. With the cancellation of the Yucca Mountain project in Nevada, the Carlsbad WIPP site is one of the dwindling number of facilities capable of accommodating the nation’s accumulating nuclear waste. Expansion of the WIPP facility could create a regional demand for housing in Eddy County.

Currently, however, WIPP remains closed and is not receiving new shipments while a radiation incident in 2014 is investigated. The President’s proposed FY 2016 federal budget shaves \$76 million in funding for the plan, which could delay its reopening until 2017 according to local sources. Cuts already have led to layoffs of some transportation workers at the facility. The total funding request for WIPP and the DOE National Labs is \$30 billion.

B. Characteristics of Households and the Existing Housing Stock

Housing Inventory

The American Community Survey 2011-2013 estimated that there were 11,227 housing units in Carlsbad of all types—single family, apartments, mobile homes—of which some 92.8 percent were occupied and 7.2 percent were vacant. The percentage vacant in Carlsbad was markedly less than in the county or state as a whole. Of some 800 vacant housing units, 5 percent were for rent and 0.6 percent for sale. The rest were rented or sold but unoccupied, seasonal housing, or other. Single family dwellings are 76 percent of the total with another 2 percent being single-family attached (row houses or townhouses). Mobile homes make up 12.0 percent of the housing stock, followed by multi-family apartments in buildings of 20 or more units (3.7%). The remainder was in groups of two to four units (2% each), 10 to 19 units (2%) or five to nine units (0.8%). Compared with Eddy County and the state generally, Carlsbad has a higher percentage of single family homes in its stock and fewer mobile homes.

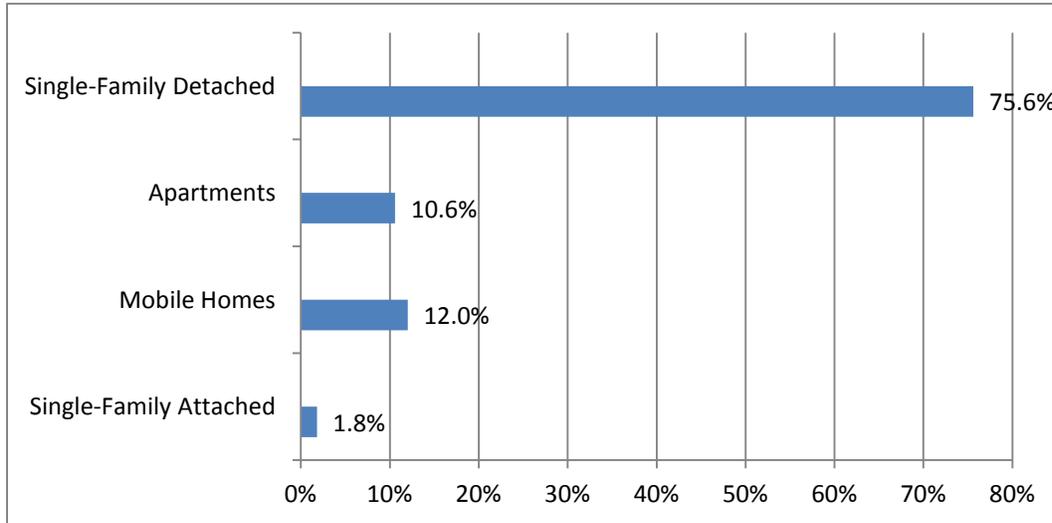
Table 13. Housing Characteristics in Carlsbad, 2013

	Total # City of Carlsbad	Total % City of Carlsbad	Total % Eddy County	Total % New Mexico
Total housing units	11,227	100.0%	22,842	904,189
Occupied housing units	10,424	92.8%	89.5%	84.1%
Owner-occupied	7,007	67.2%	70.3%	68.1%
Renter-occupied	3,417	32.8%	29.7%	31.9%
Average HH size for owner-occupied	2.48	--	2.60	2.73
Average HH size for renter-occupied	2.65	--	2.71	2.58
Vacant housing units				
Homeowner vacancy rate	--	0.6%	0.3%	2.3%
Rental vacancy rate	--	5.0%	7.3%	8.4%
Type of housing by units in structure				
1, detached	8,492	75.6%	72.1%	64.4%
1, attached	206	1.8%	2.1%	3.8%
2	240	2.1%	1.7%	1.9%
3 to 4	220	2.0%	1.8%	3.5%
5 to 9	85	0.8%	0.4%	2.8%
10 to 19	222	2.0%	1.3%	2.7%
20 or more	420	3.7%	2.9%	4.0%
Mobile home	1,342	12.0%	17.6%	16.7%
Boat, RV, van, etc.	0	0.0%	0.1%	0.2%

Source: 2011-2013 American Community Survey 3-Year Estimates

Figure 10, which follows, illustrates the predominance of single family detached housing in Carlsbad. Of the remainder, 12 percent is mobile homes and just over 10 percent is apartments. Attached single family homes, or townhouses, are rare.

Figure 10. Type of Housing Units in Carlsbad



Source: American Community Survey, 2011-2013 Estimate

Based on City of Carlsbad building permit data, however, there is reason to believe that the number of dwelling units has increased far more since 2009 than appears in the 2011-2013 ACS estimates. The three-year estimates indicate that the number of total housing units decreased between 2010 and 2013, and the number of occupied units increased by some 167 units. Building permit data show, however, that between 2010 and 2013 the number of residential units in Carlsbad grew by more than 400 single family homes (including manufactured and site built homes) and 500 new apartment units. By the end of 2014, Carlsbad had added a total of at least 1,300 more dwelling units to its housing inventory plus 16 duplex units and two mixed-use residences.

Table 14. Greater Carlsbad Area Building Permit Data 2010-2014 (includes 5-mile PPJ area)

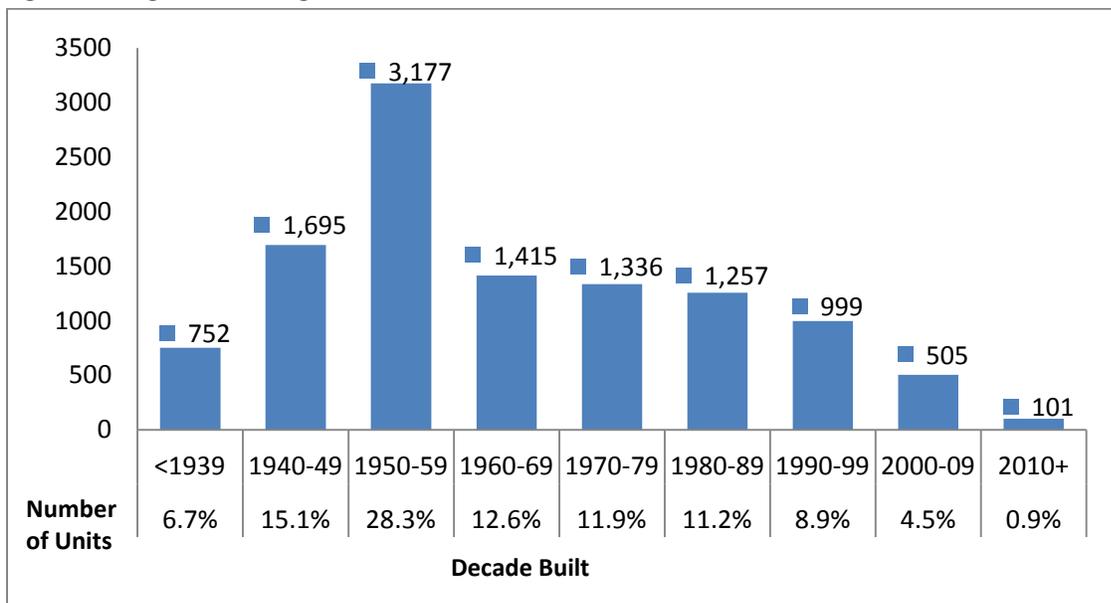
Year	Manufactured Housing/ Mobile Homes	Total Single Family	No. of Apt Units	Duplex Units	Total Housing Units
2010	23	76	0	0	76
2011	38	86	235	4	325
2012	12	97	268	0	365
2013	51	159	0	0	159
2014	42	149	256	12	417
Total	166	567	759	16	1,342

Housing Condition and Rehabilitation Needs

Carlsbad has an aging housing stock. Approximately half of the units were built at least 50 years ago (the largest percentage in the 1950s), an age at which substantial rehabilitation is usually needed. Another 15 percent was constructed at least 40 years ago, an age when structural deterioration is expected (Smith, Murray, O’Dell 2003). Declines in quality tend to begin even earlier for rental units and mobile homes.

Housing growth in the city dropped off after 1990, and only 51 permits for new site-built or manufactured homes were drawn in 2009. That trend began to reverse in 2010; since then an average of 113 single family permits and 152 apartment unit permits have been drawn each year.

Figure 11. Age of Housing Units in Carlsbad



Source: American Community Survey 2011-2013

Besides age, other indicators of housing condition include whether or not homes have complete kitchen and plumbing facilities. In Carlsbad only an estimated 1.1 percent of housing units lack complete kitchen facilities, and even fewer lack complete plumbing facilities. Both of these indicators are similar to those in the county and state.

In addition, 2.3 percent of Carlsbad’s housing units are overcrowded (more than one person per room), while an addition 0.7 percent are severely overcrowded (more than 1.5 persons per room), another indicator of housing condition. Such conditions can cause more wear and tear on housing units. These percentages are also similar to the county and state.

As part of the 2003 Comprehensive Plan work, the City conducted a parcel-level windshield survey of housing conditions within the five-mile planning and platting jurisdiction. Dwelling units were rated as

good, fair (required some maintenance but were habitable), or poor (support human habitation with a minimum level of comfort).

The survey found that 72 percent of all housing was in good condition, 21 percent was in fair condition, and 8 percent was in poor condition. Manufactured housing, which accounted for about ten percent of the total housing stock, was disproportionately in need of repair and maintenance, with 32 percent in fair condition and 25 percent in poor condition. Multi-family and farm residences also were more likely to be in fair or poor condition.

While homes needing maintenance and repair were scattered throughout the city, some neighborhoods had greater concentrations such as the Happy Valley neighborhood and the area south of Church Street. According to housing inspectors, houses along the streets named after numbers and tree types on the north side also are more run-down, as are homes in San Jose and along Standpipe. One issue is the recent influx of out-of-town investors who have purchased homes to rent out in formerly well-maintained middle class neighborhoods but do not maintain them.

City inspectors get involved in condemnations when law enforcement or other citizens report vacancies and dilapidated houses. Typically these are homes that have stood vacant for years and are “literally falling down,” have suffered a fire with no subsequent repair, or have such substandard electric systems that the City removes the meter. One inspector has successfully processed two condemnations since July 2014 and has five more ready to be reviewed by City Council. The City has been condemning and demolishing approximately five houses a year.

Figure 12. Carlsbad Housing Building Conditions

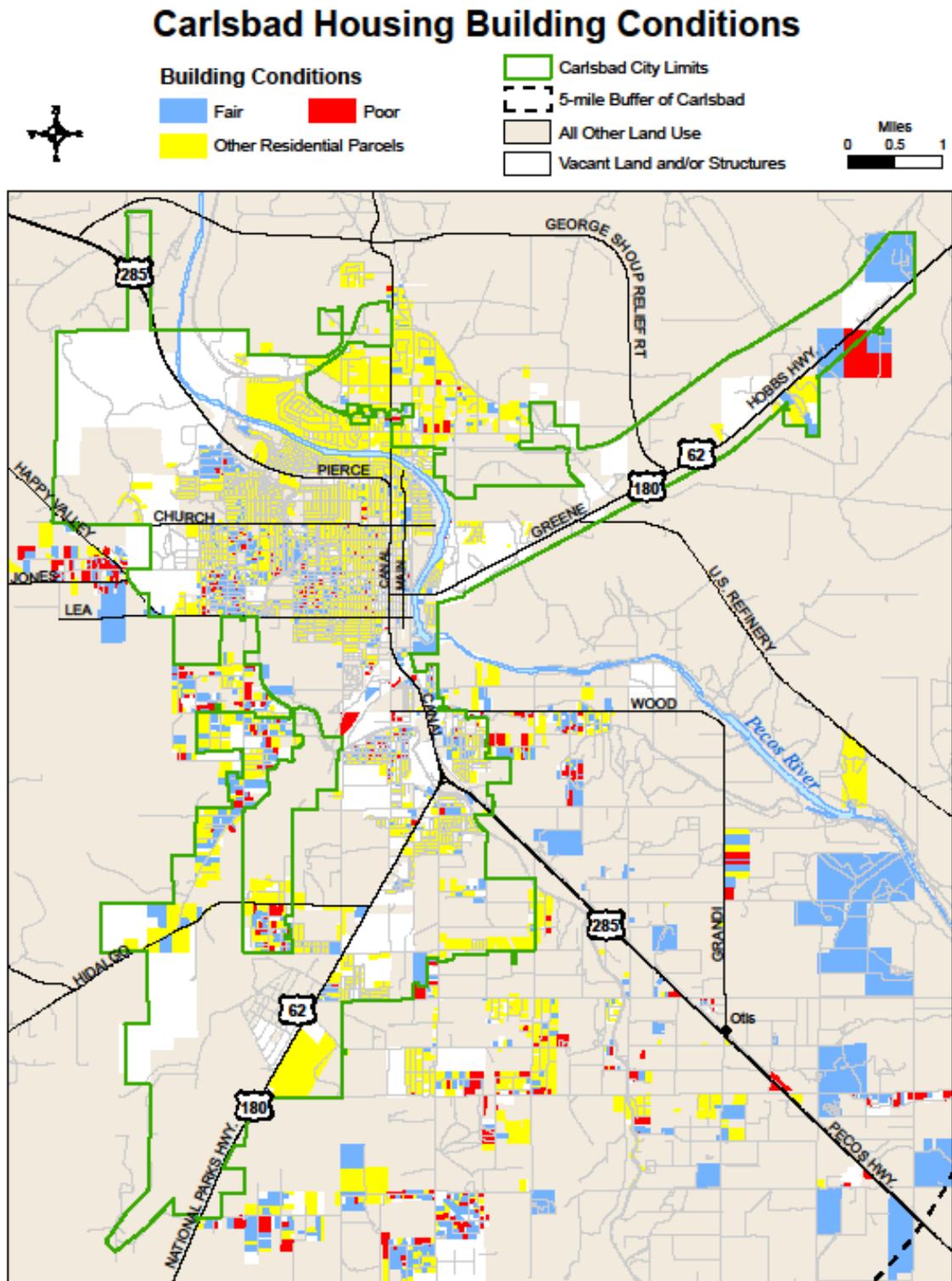


Table 15. Housing Condition Indicators, 2011-2013

	Total #, City of Carlsbad	Total %, City of Carlsbad	Total %, Eddy County	Total %, New Mexico
Total Housing Units	11,227	100.0%	22,842	904,189
Year Structure Built				
2010 or later	101	0.9%	0.6%	1.0%
2000 to 2009	505	4.5%	8.3%	16.3%
1990 to 1999	999	8.9%	11.9%	17.2%
1980 to 1989	1,257	11.2%	12.2%	17.4%
1970 to 1979	1,336	11.9%	13.9%	18.3%
1960 to 1969	1,415	12.6%	13.9%	10.1%
1950 to 1959	3,177	28.3%	20.7%	10.2%
1940 to 1949	1,695	15.1%	11.8%	4.3%
1939 or earlier	752	6.7%	6.7%	5.2%
Housing Facilities (occupied units)	9,868*	100.0%	20,445	760,251
Lacking complete kitchen facilities	112	1.1%	0.9%	1.2%
Lacking complete plumbing facilities	64	0.6%	0.3%	1.2%
Home Heating Fuel (occupied units)				
Utility gas	5,779	58.6%	50.7%	67.1%
Bottled, tank, LP gas	159	1.6%	5.4%	8.3%
Electricity	3,783	38.3%	42.7%	16.2%
Fuel oil, kerosene, coal etc.	0	0.0%	0.0%	0.1%
Wood	55	0.6%	0.6%	6.7%
Solar	0	0.0%	0.0%	0.3%
Other fuel	24	0.2%	0.7%	1.1%
No fuel used	68	0.7%	0.0%	0.2%
Overcrowded Housing Units (occupied units)				
Overcrowded (> 1 person per room)	228	2.3%	2.5%	2.5%
Severely overcrowded (>1.5 persons per room)	69	0.7%	1.3%	1.1%

Source: 2011-13 American Community Survey 3-Year Estimates

* 2008-12 American Community Survey 5-year Estimates

Existing Affordable Housing Resources

Subsidized Rental Housing

Most of the subsidized rental apartments in Carlsbad were built as affordable housing under federal programs (HUD and USDA) in the late 1960s. Some are reserved for Section 8 affordable units, some for low-income elderly and/or disabled tenants. A few were built later under the low income tax credit program. They are located where there is water and sewer infrastructure to service them. These programs all ensure that eligible tenants do not pay more than 30 percent of their incomes for rent.

There are approximately 237 subsidized units of various sizes in Carlsbad; close to 50 percent are reserved for elderly residents. Interviews with project and property managers who responded to phone calls in January 2015 found at least 131 eligible people on waiting lists for subsidized units, although prospective renters could be on more than one waiting list. Another 358 subsidized units, with 187 persons on the waiting lists, were identified in Artesia. Managers at two of the five complexes located in Carlsbad did not respond to queries.

HUD income limits for Eddy County are shown below.

Table 16. FY 2014 Income Limit Area: Eddy County, New Mexico

FY 2014 Income Limit	1 Person	2 Person	3 Person	4 Person	5 Person
Median Income: \$60,500					
Extremely Low (30%) Income Limits	\$12,750	\$15,730	\$19,790	\$23,850	\$27,910
Very Low (50%) Income Limits	\$21,200	\$24,200	\$27,250	\$30,250	\$32,700
Low (80%) Income Limits	\$33,900	\$38,750	\$43,600	\$48,400	\$52,300

Source: HUD, 2014

Two formerly affordable apartment complexes, Vista Grande and Mesa Grande, changed to 100 percent market rate a few years ago when their HUD housing contracts expired.

In addition to the apartment complexes in the following chart, Section 8 Housing Choice Vouchers have been available for a limited number of renters through the Eastern Regional Housing Authority (Region VI) in Roswell. Region VI has a Family Self-Sufficiency Program for participants in the Housing Choice Voucher Program (as well as its public housing program). This program assists families to improve their financial situation and reduce dependence on public assistance. Landlords may call the Authority and get on an approved housing list once a year; their contact information is then provided to persons with vouchers who are seeking a place to live. Landlords in Eddy County who are currently on the list include Artesia Properties, Penasco Apartments, and Mesa Grande Apartments, in addition to owners of seven homes in Carlsbad and one in Loving.

Table 17. Subsidized Rental Housing Complexes in Carlsbad, NM

Complex Name	Subsidizing Organization/ Management	Total Units/Type	Vacancies/ Number on Waiting List	Eligibility	At Risk of No Longer Being Affordable?
Carlsbad Senior Community, 214 Pecan St. Carlsbad	HUD JL Gray Management	23 2-BR units	No vacancies 9 on waiting list	62+, low income	No
Colonial Hillcrest Apts., 604 N. Fifth St., Carlsbad	UAH Property Management-	74 units: 24 1-BR 40 2-BR 10 3-BR	(No response)	50% AMI	No, new Section 8 contract extends until 2033
La Posada Apts. 710 Hueco St. Carlsbad	UAH Property Management	12 1-BR units	(No response)	(No response)	(No response)
Mission Apts. 805 Hueco St. Carlsbad	Tax credits/ Section 8 Monarch Properties	68 units 40 1-BR 20 2-BR 8 3-BR; 12 accessible units	No vacancies; Waiting list: 46 for 1-BR 44 for 2-BR 20 for 3-BR	Low income. Highest demand from seniors (50 existing occupants are seniors)	No, due to tax credits/ most demand for 2 bedrooms
Villa San Jose 415 Del Rio St. Carlsbad	HUD/ Truth or Consequences Housing Management	60 1- and 2-bedroom units	No vacancies, 12 on waiting list. Slow turnover	HUD limits, Section 8 vouchers; \$560/\$625 rentals	No

Sources: HUD.gov; USDA.gov; property managers, as of January 2015

The Housing Authority currently administers 41 Section 8 vouchers in Eddy County, mostly for single family dwellings. By January 2015, the Authority had distributed an additional 46 vouchers to people in Eddy County, the majority in Carlsbad, but doesn't yet know how many were successful in finding housing. Staff also recently distributed vouchers to everyone on its waiting list (80-100 households) to use in any of the 12 counties in its jurisdiction (five are in New Mexico: Chaves, Eddy, Lea, Lincoln and Otero), although staff said that those distributed from the Roswell office are typically used locally.

Persons per Household

Carlsbad had an average of 2.5 persons per household in 2010, which was somewhat lower than the average in 2000 (3.03) and the averages in both Eddy County and the state. Eddy County had 3.08 persons per household in 2010, while the state as a whole had an average of 3.03 persons per

household. This was due to increases in non-family householders living alone as well as female householders with children.

The total number of non-family households in Carlsbad increased by 353---nearly 12 percent— between 2000 and 2010 to make up nearly a third of households. Family households, which were slightly more than two thirds of households in 2010, dropped by 53. Households headed by females increased by an additional 134, to make up 14 percent of Carlsbad households in 2010. Households headed by males composed about 7 percent. More than a quarter of non-family householders lived alone.

Table 18 . Select Household Characteristics

	City of Carlsbad 2000	City of Carlsbad 2010	Change Carlsbad 2000- 2010	% Total Carlsbad 2010	% Total Eddy County 2010	% Total New Mexico 2010
Total Households	9,957	10,257	300	100.0%	20,411	791,395
Family Households	6,951	6,898	-53	67.3%	70%	65.5%
With children under 18 years	3,273	2,994	-279	29.2%	30.5%	29.1%
Married couple family	5,184	4,719	-465	46%	50.3%	45.3%
With children under 18 years	2,137	1,792	-345	17.5%	19.3%	17.9%
Female householder	1,306	1,440	134	14%	13.0%	14.0%
With children under 18 years	844	777	-67	7.6%	7.3%	7.8%
Male householder	----	739	----	7.2%	6.7%	6.2%
With children under 18 years	----	425	----	4.1%	3.9%	3.4%
Non-Family Households	3,006	3,359	353	32.7%	30%	34.5%
Householder living alone	2,650	2,881	231	28.1%	25.5%	28.0%
Lone householder 65 years+	1,191	1,170	-21	11.4%	10.2%	9.3%
Households with individuals 65 years +	2,928	2,902	-26	28.3%	26.7%	25.3%
Average family size	2.51	3.03	0.52	----	2.59	2.55
Average household size	3.03	2.50	-0.53	----	3.08	3.13

Source: US Census, 2000 and 2010

B. Housing Market Analysis

Cost and Availability of Housing For Sale

This study reviewed the housing market in all of Eddy County, as people employed in the county tend to live all over the county and even outside it. A review of the housing market in Eddy County indicates a wide range of home prices.

As Table 19 below demonstrates, the median price of houses sold in Eddy County has risen steadily from \$130,000 in 2009 to \$164,000 in January 2015, despite the national recession and increase in housing units in the area. The number of housing units sold has also increased every year except one since 2009. This indicates a rising real estate market. Local realtors say houses in the area will sell in 30 to 120 days if clean, nice, and priced right. While there are some houses for sale at all income levels, the inventory has dropped from the typical 130 to 150 units at any one time to about 79. Housing valuations also have risen in the past two years, according to the County Assessor's Office.

Table 19. Housing Units Sold in Eddy County 2009-2014

<i>Year</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>Jan. 2015 YTD</i>
Units Sold	438	470	462	541	548	621	43
% Change from previous year	---	7.3%	(1.7%)	17.1%	1.3%	13.3%	16.2%
Median Price	---	\$130,000	\$138,000	\$140,000	\$145,000	\$160,000	\$164,000
% Change from previous year	---	--	6.2%	1.4%	3.6%	10.3%	2.5%
Median Price in Bernalillo County		\$181,000	\$170,000	\$170,000	\$179,000	\$182,500	\$175,000

Source: Realtors Association of New Mexico, 2015

The foreclosure rate in Eddy County for the first half of 2015 was one in every 7,300 housing units or 0.01 percent, which is low compared with 0.05 percent in New Mexico and 0.09 percent nationally. The highest foreclosure rate in the nation was posted by Florida, 1.06 percent of housing units or one in every 95 (RealtyTrac, 2015).

As a rule of thumb, the real estate industry considers a six months' supply of inventory of homes for sale each month a healthy balance between buyers and sellers, so that neither is dominating the market. Based on the units sold over the past years points to an average of 256 houses for sale (or 310 based on 2014 alone) to be the balanced six months' supply.

The number of homes for sale in Eddy County, however, is been far below that. A snapshot review of houses for sale in the county found only 153 single family dwellings listed in November 2014, and 147 listed in April 2015,(excluding pre-sold new construction) indicating a seller’s market (zillow.com).

In November 2014, there were 153 single family dwellings, including mobile homes, priced for sale and 31 unpriced home foreclosures. The remaining 53 listings were parcels of land for sale. Prices started at \$45,000 for an 832-square-foot, 2-bedroom/ 1 bath house built in 1950 and peaked at \$898,000 for a 4-bedroom/5 bath home built in 2002. Costs per square foot for typical lots ranged from \$11.25 to \$193.18, with a median of \$98.55 per square foot and an average of \$100.65 per square foot.

Of the 153 houses for sale, there were some that were affordable to all income ranges, although the number affordable to those in the lower income brackets (below 50 percent of AMI) was significantly less than those affordable to households with higher incomes. The median price of the homes available in November 2014 was \$154,000, which was affordable for the area median income of \$60,500, but unaffordable for those at 90 percent or less of median income. The majority of homes for sale were affordable only to households with incomes **at 80 percent median or higher**. New homes, which start at about \$210,000, began to be affordable to those with household incomes **above 100 percent AMI** (unless they had a large down payment).

The following Table 20 details the price ranges of homes affordable to households in Carlsbad with incomes at various percentages of the area median income. It also shows the number of homes on the market at that price range in November 2014 and in April 2015. For example, there were only four dwelling units in November and five in April priced at the \$66,866 or less affordable to households at 30 percent of the area median income (two were auction prices). The number of listed homes affordable for households with incomes between 60 and 100 percent AMI dropped by half between November and April, while those affordable for households at 100% AMI and above increased substantially.

Table 20. Number of Homes for Sale by Affordability Range

Household Income*	Percentage of Area Median Income (AMI)	Approximate # of Carlsbad Households at this Income Level	Prices of Eddy County Homes Affordable at this Income Level	Total Homes in Price Range November 2014	Total Homes in Price Range April 2015
\$18,500	Up to 30% AMI	2,245	\$66,866 or less	4	5
\$18,500- \$24,200	30-40% AMI	831	\$66,866 to \$84,150	9	4
\$24,200-\$30,250	40-50% AMI	597	\$84,150 to \$105,187	22	4
\$30,250-\$36,300	50-60% AMI	566	\$105,187 to \$126,224	21	23
\$36,300-\$48,400	60-80% AMI	1,168	\$126,224 to \$168,300	27	12
\$48,400-\$60,500	80-100% AMI	916	\$168,300 to \$210,374	22	11
\$60,500-\$72,600	100-120% AMI	878	\$210,374 to \$252.450	15	18
\$72,600+	120% AMI+	3,224	\$252,450 and up	33	72

Sources: American Community Survey, 2011-2013-year Estimates, MFA HOME Income Limits; Zillow.com, NM Educators Federal Credit Union

*Assumes four-person household, 30-year mortgage at 5% interest.

Housing choices at all levels, including those affordable to lower income families, are limited. Generally, the lower priced houses are older and smaller, with many in need of basic repairs and updating. Half the houses priced at \$100,000 or less had two bedrooms, while the other half had three. Table 21 summarizes the age and size characteristics of homes for sale affordable at each income level.

Table 21. Age and Size of Homes in for Sale in Eddy County by Affordability

Percentage of AMI	Homes for Sale Affordable to Households at this Income Level	Average Size	Average of Year Built
Up to 30% AMI	4	1,092	1955
30-40% AMI	9	1,141	1946-skewed by 1
40-50% AMI	22	1,359	1961
50-60% AMI	21	1,230	1957
60-80% AMI	17	1,399	1960
80-100% AMI	10	1,635	1960
100-120% AMI	10	1,935	1979
120% AMI+	60	2,436	1988
Overall	153	1,767	1971

Source: Zillow.com November 2014

Many people are having trouble finding a house they want to buy. Some say the prices are too high for the quality compared to what is available in Roswell and Hobbs or in nearby Texas communities. They also worry that an energy bust might leave them underwater with a mortgage. Others are having a difficult time qualifying for a mortgage, due to credit issues and tightened bank standards since the recent recession. One realtor estimated that of 20 typically young people that she sends to obtain a mortgage, only one generally qualifies. Even with a lull in oil prices, house prices tend to be holding steady, although a few have shaved \$10,000 to \$15,000 off the original listed price.

The highest demand is for houses priced from \$100,000 to \$180,000 for the general workforce and schoolteachers and from \$150,000 to \$225,000 middle executives, according to realtors. One realtor recently sold two manufactured homes quickly for \$114,500 and \$124,500, after the seller contributed \$2,500 for closing costs. Production builder KT homes prices between \$210,000 and \$250,000 (100 to 120% AMI) which meets some of the demand, particularly for health care professionals (nurses, physicians, physician assistants, pharmacists). The company builds four houses at a time, most presold, to complete about 80 new houses per year.

The following **Table 22** examines the affordability of existing for-sale housing by the number of bedrooms. (There were no one-bedroom units listed for sale.) Only the 2-bedroom median home price of \$95,000 (and below) would be affordable to households with incomes at 60% to 80% of the area median. Thus, without a subsidy, it is difficult to find decent and safe homes for sale for households earning below 80% AMI. The 3-bedroom home (\$161,250) or 4-bedroom home (\$211,900) would only

be affordable for households at 100 percent of the area median income and above. The price gap for a 3-bedroom home could be narrowed by down payment assistance.

Table 22. Affordability of Housing for Sale by Number of Bedrooms, Fall 2014

Number of Bedrooms	2 Bedrooms	3 Bedrooms	4 Bedrooms
Household Size	3 Person HH	4 Person HH	5 Person HH
Number for Sale*	27	86	31
Median Price	\$95,000	\$161,250	\$211,900
30% AMI Max Price	\$50,594	\$56,853	\$68,328
Affordability Gap	(\$44,406)	(\$104,397)	(\$143,572)
50% AMI Max Price	\$84,150	\$94,755	\$113,706
Affordability Gap	(\$10,850)	(\$66,495)	(\$98,194)
60% AMI Max Price	\$100,980	\$113,706	\$136,448
Affordability Gap	None	(\$47,544)	(\$75,452)
80% AMI Max Price	\$134,744	\$151,608	\$181,861
Affordability Gap	None	(\$9,642)	(\$30,039)
100% AMI Max Price	\$168,431	\$189,510	\$227,326
Affordability Gap	None	None	None
120% AMI Max Price	\$202,116	\$227,413	\$272,791
Affordability Gap	None	None	None

Source: Zillow, SSW

*There were no 1-bedroom houses for sale

Home Purchase Loans

Home Mortgage Disclosure Act (HMDA) information was collected for all of Eddy County for the years 2009 through 2013. Over this time period, a total of 11,104 loan applications were reported for Eddy County. Of these, 4,909 were for refinancing and 698 were for home improvements. The primary concern related to fair housing is home purchase loans. There were 5,195 loan applications for the purchase of a home reported from 2009 to 2013. Interestingly, the highest number of applications for home improvement and refinancing loans were sought in 2009, when applications for home purchase were lowest over the five-year period. Applications for home purchase picked up in 2010 to reach a high in 2013.

Table 23. Home Mortgage Loans by Purpose and Year, Eddy County, 2009-2013

Loan Purpose	2009	2010	2011	2012	2013	Total
Home improvement	199	134	131	108	126	698
Home purchase	814	960	1,047	1,169	1,374	5,195
Refinancing	1,442	998	789	824	869	4,909
Grand Total	2,445	2,092	1,967	2,101	2,489	11,104

Source: HMDA Data,,,,

Denial rates were considered for owner-occupied home purchase loan applications. Applicants receive one of the following status designations:

- “Originated,” which indicates that the loan was made by the lending institution;
- “Approved but not accepted,” which means that the loan was approved but not accepted by the lender for other reasons
- “Application denied by financial institution,” which indicates denial of the loan application;
- “Application withdrawn by applicant,” which means that the applicant did not complete the application process;
- “File closed for incompleteness” which indicates the loan application process was closed by the institution due to incomplete information; or
- “Loan purchased by the institution,” which means that a previously originated loan was purchased on the secondary market.

From 2009 to 2013, a total of 2,680 applications were denied, for a total denial rate of 24 percent.

Denial rates ranged from 19.2 percent in 2009 to 27.7 percent in 2013.

Table 24. Action Taken on Loan Applications, Eddy County, 2009 to 2013

Action	2009	2010	2011	2012	2013	Total
Loan originated	996	885	746	845	969	4,441
Application approved but not accepted	106	147	227	200	305	985
Application denied by financial institution	471	434	525	560	690	2,680
Application withdrawn by applicant	308	194	164	154	150	970
File closed for incompleteness	65	49	49	49	62	274
Loan purchased by the institution	509	383	256	293	313	1,754
Total	2,455	2,092	1,967	2,101	2,489	11,104
Denial Rate	19.2%	20.7%	26.7%	19.5%	27.7%	24.1%

Source: HMDA Data

Actions were reviewed by gender, race and ethnicity of the applicant. The denial rate was somewhat higher for male than for female applicants.

Table 25. Action Taken on Loan Applications by Gender of Applicant, Eddy County, 2009-2013

Action	Female	Male	Information not provided	Not applicable	Total
Application approved but not accepted	173	666	146	0	985
Application denied by financial institution	658	1,707	302	13	2,680
Application withdrawn by applicant	220	665	83	2	970
File closed for incompleteness	51	184	39	0	274
Loan originated	898	3,280	237	26	4,441
Loan purchased by the institution	244	965	35	510	1,754
Total	2,244	7,467	842	551	11,104
Loan Origination Rate	40.0%	43.9%	---	---	40.0%
Denial Rate	29.3%	22.9%	---	---	24.1%

Source: HMDA Data

Race and ethnicity are not always reported on loan applications. The information in Table 26 includes those applications for which race and ethnicity were reported (information was not available for some 22% of applications.) Denial rates for non-white applicants were higher than for white applicants—particularly for African Americans— although these applicants represent a very small fraction of total applications, 3.1%. It is difficult to know why as reasons for denial were not given for the large majority of applications, whether the applicants were white or non-white. Denial rates for Hispanic applicants were higher than for non-Hispanic applicants.

Table 26. Action Taken on Loan Applications by Race and Ethnicity of the Applicant, Lincoln County, 2009-2013

Action	American Indian	Asian	African American	Pacific Islander	White	Hispanic	Not Hispanic
Application approved but not accepted	22	5	3	0	624	335	399
Application denied by financial institution	44	17	49	4	1,856	948	1,175
Application withdrawn by applicant	11	3	13	1	744	267	535
File closed for incompleteness	6	3	3	21	187	67	153
Loan originated	59	17	32	10	3,826	1,191	2,821
Loan purchased by the institution	12	9	14	2	1102	352	803
Total	8	54	114	19	8,339	3,160	5,886
Denial Rate	28.6%	31.5%	43.0%	21.1%	22.3%	30.0%	20.0%

Source: HMDA Data

The reason for denial was only reported for 1,507 or 13.6% of the 11,104 loan applications that were denied. The most common reasons for denial were a poor credit history and debt-to-income ratio. These reasons were given for 61% of loan applications.

Table 27. Reasons for Loan Denials, Eddy County, 2009-2013

Primary Reason for Denial	Total
Collateral	244
Credit application incomplete	85
Credit history	613
Debt-to-income ratio	298
Employment history	37
Insufficient cash (down payment, closing costs)	39
Other	148
Unverifiable information	43
Grand Total	1,507

Source: HMDA data

As might be expected, the highest loan denial rate (63%) was among the lowest income group— those at or below 30% AMI—while the lowest denial rate (12%) was among the highest income group—those above 120% AMI. Only 39 percent of loans requested by households in the lowest income group were for home purchase; the remainder was for home improvement or refinancing.

Table 28. Loan Denial Rates by Income Level, Eddy County, 2009-2013

% AMI	Total Applications	Application denied by financial institution	Denial Rate
<30% AMI	252	158	62.7%
30-60% AMI	1556	589	37.9%
60-80% AMI	1507	428	28.4%
80-100% AMI	1566	391	25.0%
100-120% AMI	1290	286	22.2%
120%+ AMI	3814	694	18.2%
Not reported	1119	134	12.0%
Total	11,104	2,680	24.1%

Source: HMDA data, American Community Survey 2013

The following photo series demonstrates the type of housing available in Eddy County in different price ranges.

30% AMI Affordability

104 Faris



Price: \$60,000; 3 Bedrooms/ 2 Baths/ 768 SF

Days on Zillow: 8

40% to 50% AMI Affordability

321 Lloyd



Price: \$85,000; 3 Bedrooms/ 2 Baths/ 1,056 SF

Days on Zillow: 27

2607 Patrick



Price: \$95,000; 3 Bedrooms/ 2 Baths/ 1,248 SF

Days on Zillow 6

60% AMI Affordability

502 S. Mesquite



Price: \$112,000 (recent cut); 2 Bedrooms/ 1 Bath/ 1,250 SF

302 Mariposa



Price: \$119,000 2 Bedrooms/ 1 Bath/ +1,016 SF

60-80% AMI Affordability

1408 Irvin



Price: \$145,000 (previously: \$160,000) 4 Bedrooms/ 2 Baths/ 2,080 SF



Price: \$145,000 3 Bedrooms/ 1 Bath/ 1,144 SF 8,400 SF lot \$127/SF FSBO

60-80 % AMI Affordability

1911 Calloway



Price: \$158,000

3 Bedrooms/ 2 Baths/ 1,754 SF

Days on Zillow: 52

80-100% AMI Affordability

1902 Mountain Shadow Dr.



Price: \$170,000 2 bedrooms/ 2 baths 1,650 SF

Days on Zillow: 60

1001 Loving Ave.



Price: \$184,900 3 bedrooms/ 2 baths 2,056 SF Days on Zillow: 53

100-120% AMI Affordability

1721 Mission Ave.



Price: \$215,000

1 Bedroom/ 2 Baths 1,324 SF

Days on Zillow: 76

1301 W, Ural Dr.



Price: \$232,000 3 Bedrooms/ 2 Baths 2,345 SF

Days on Zillow: 7

120% and above AMI Affordability

805 Dennis Way



Price: \$370,000 4 Bedrooms/ 3 Baths 2,624 SF

Days on Zillow: 23

1312 Riverside



Price: \$708,000 5 Bedrooms/ 4 Baths/ 3,530 SF

Days on Zillow:

Rental Market and Affordability

A study by the Bureau of Business and Economic Research (BBER) at the University of New Mexico in mid-May 2014 found that of 564 rental units in Eddy County only 15 units were vacant at that time, for a vacancy rate of 3 percent. These included five 1-bedroom units, nine 2-bedroom units, and one 3-bedroom unit.

A later on-line search for rental housing in Eddy County during a week in **November 2014** found 20 available rental units advertised, two in Artesia and the rest in Carlsbad. There were only a few units available in most price ranges (see Table 29), although those in the \$600-a-month range or less consisted of recreational vehicles and a subsidized apartment. The subsidized unit was affordable to incomes at 30 percent of AMI and was restricted to a senior or disabled person. We did not count the RVs as permanent housing. Thus, the biggest need for rentals was for households with incomes at 50 percent AMI and below, although there were few rentals available for any income range. (Sources of rental information included *Craigslist* and *apartments.oodle.com*)

Availability had worsened by the second week in **January 2015** with only seven rentals advertised—all small houses except for one condominium unit. Prices ranged from \$1,000 a month for a 2 bedroom/1 bath home to \$2,100 for a 3-bedroom/2 bath plus additional office/bedroom.

Table 29. Affordability of Existing Rental Apartments in Eddy County

Household Income*	Percentage of Area Median Income (AMI)	Approximate % of Carlsbad Households at this Income Level	Monthly Rent Affordable at this Income Level	Total Rental Units in Price Range on the market November 2014
\$18,500	Up to 30% AMI	2,245 (21.5%)	\$463 or less	1 (senior or disabled)
\$18,500- \$24,200	30-40% AMI	831	\$463 to \$605	0
\$24,200-\$30,250	40-50% AMI	597	\$605 to \$756	2
\$30,250-\$36,300	50-60% AMI	566	\$756 to \$908	3
\$36,300-\$48,400	60-80% AMI	1,168	\$908 to \$1,210	5
\$48,400-\$60,500	80-100% AMI	916	\$1,210 to \$1,513	3
\$60,500-\$72,600	100-120% AMI	878	\$1,513 to \$1,815	2
\$72,600+	120% AMI+	3,224	\$1,815 and up	4

Sources: American Community Survey, 2011-2013 estimates; HUD HOME Income Limits; Craigslist; local Realtor web sites

*Income range assumes four-person household; note that the rental available for a household up to 30% AMI is a 1-BR unit; rent was not reported for one of the available units

Rental availability opened up slightly in **April 2015** with nine rentals advertised in the Carlsbad area (six houses, three market rate apartments) and four subsidized apartments. The market rate apartments ranged in price from \$850 a month for a one-bedroom studio to \$865 for a 3-bedroom with loft. Rental home prices ranged from \$800 for a remodeled 2-bedroom/1-bath house to \$1,300 for a 3-bedroom/1.5 bath house (available mid- to-late June). A telephone survey during the same month found only one

vacancy (three-bedroom apartment) among seven market rate apartment complexes representing a total of 589 units—a vacancy rate of 0.2 percent.

Rental Price Trends

Carlsbad has at least 15 apartment complexes, nine market rate and six subsidized. Three of the market rate complexes were constructed after 2000—Copperstone Apartments in the northeast (Calloway Dr. and Cherry Lane), Avalon in the south end of the city on San Jose Blvd., and the Village at Carlsbad, also to the south along National Parks Highway. These three complexes have finished building 503 units and have 256 more in the pipeline. There were no vacancies at the end of 2014 or in mid-April 2015.

Monthly rents were obtained in the latter half of 2014 for eight of market rate apartment complexes. Rents for 1-bedroom units started at \$475 and rose to \$945, with an average of \$697. Rents for 2-bedroom units ranged from \$550 to \$1,250, with an average of \$838. Rents for 3-bedroom units ranged from \$900 to \$1,480, for an average of \$1,151. The three newest complexes were also the most expensive (CDOD 2013). These averages were close to HUD’s fair market rents for 2-bedroom and 3-bedroom units but \$100 more for 1-bedrooms.

Table 30. Percentage Change in Average Rents in Carlsbad, 2012-2014

Averages*	2012	2013	% change	2014	% change	Fair Market Rent**
1 bedroom	\$685	\$699	2.04%	\$697	-0.27%	\$598
2 bedrooms	\$832	\$860	3.41%	\$838	-2.62%	\$838
2 bedrooms-plus	\$890	\$1,020	14.61%	\$1,123	10.13%	----
3 bedrooms	\$985	\$1,135	15.23%	\$1,151	1.41%	\$1,123
3 bedrooms plus	\$975	\$1,095	12.31%	\$1,195	9.13%	----

Source: Carlsbad Department of Development, 2014 * Unweighted **Calculated by HUD 2014

Average rents increased between 2012 and 2013 for all types of units and between 2013 and 2014 for 2-bedroom-plus and 3-bedroom units. Average rents rose most dramatically for 3-bedroom units between 2012 and 2013 and for 2-bedroom-plus units for both years. The greatest need for rentals is for 3-bedroom units, according to the contact at one complex.

Indications are that rental prices continue to rise. Middle class houses that rented for \$600-\$650 a month five years ago are now renting for \$1,500 to \$1,800, according to housing inspectors. One young woman is paying \$900 a month for a one-bedroom apartment of 550 square feet. Inspectors also uncovered a 200 SF detached laundry/storage room with a sink and toilet behind a single family lot being leased to three people who paid \$300 a month each.

Necessary subsidies

The average rents cited above, however, are unweighted by the number of units at each price, however, leaving the impression that rents are lower than would be expected by the rental demand. More than 70 percent of the rental units in multi-family complexes are found in the three newest complexes,

however, which have much higher average rates: \$900 for a one-bedroom, \$1,248 for a two-bedroom, and \$1,425 for a three-bedroom unit. Using these averages paints a more accurate picture of affordability.

Table 31 compares the average rental rates in the newest complexes to what various households (one to 6 household members) could afford to pay (30% of their monthly income). The remaining “affordability gap” is the amount of subsidy that would be needed to afford that rent. Not surprisingly, households with annual incomes at 30 percent of the area median (\$12,750 for one –person household up to \$21,100 for a 6-person household) have the greatest need for subsidies (\$581 to \$934 per household per month) while those at 50 percent of the area median (\$21,200 to \$35,100, depending on household size) also would also need substantial monthly subsidies (\$370 to \$607), depending on household size. At 60 percent of AMI, households still have a substantial affordability gap (\$264 to \$444 per month), and even at 80 percent of AMI would still be cost-burdened by these rents.

Table 31. Subsidies Needed at Various AMI Percentages

	One Bedrooms		Two Bedrooms		Three Bedrooms	
Average Rent (2015)*	\$900	\$900	\$1,248	\$1,248	\$1,425	\$1,425
Persons in HH	1-HH	2-HH	3-HH	4-HH	5-HH	6-HH
80% AMI (low)	\$33,900	\$38,750	\$43,600	\$48,400	\$52,300	\$56,150
30% of monthly income	\$848	\$969	\$1,090	\$1,210	\$1,308	\$1,404
Affordability Gap	(\$52)	\$0	(\$158)	(\$38)	(\$117)	(\$21)
60% AMI	\$25,440	\$29,040	\$32,700	\$36,300	\$39,240	\$42,120
30% of monthly income	\$636	\$726	\$818	\$908	\$981	\$1,053
Affordability Gap	(\$264)	(\$174)	(\$430)	(\$340)	(\$444)	(\$372)
50% AMI (very low)	\$21,200	\$24,200	\$27,250	\$30,250	\$32,700	\$35,100
30% of monthly income	\$530	\$605	\$681	\$756	\$818	\$878
Affordability Gap	(\$370)	(\$295)	(\$567)	(\$492)	(\$607)	(\$547)
30% AMI	\$12,750	\$14,550	\$16,350	\$18,150	\$19,650	\$21,100
30% of monthly income	\$319	\$364	\$409	\$454	\$491	\$528
Affordability Gap	(\$581)	(\$536)	(\$839)	(\$794)	(\$934)	(\$897)

Source: SSW, HUD, MFA July 2015

*Average of 70% of units

Additional Rentals

In addition to multi-family units and houses, there are other sources of rental residences: mobile home and RV parks, hotel and motel rooms that are leased for longer stay, and so-called “man camps” or temporary RV parks.

Permanent RV and Mobile home parks are listed in the following chart. All available spaces were filled, based on telephone interviews with those willing to release information.

These parks do not include temporary mobile home/RV areas, of which there are eight in the Carlsbad area approved by the Carlsbad City Council. Of those eight, 153 spaces were being used in June 2015 and two parks were not yet in operation, according to city inspectors. These facilities are more difficult to track in the unincorporated part of the county as there is no zoning and they are not required to have county permits to operate.

Table 32. Permanent Mobile Homes and Recreational Vehicle Parks in Carlsbad, NM

Mobile Homes and RVs	No. of Spaces	Location	Average Rate Weekdays	Monthly	Additional Notes
Carlsbad RV Park & Campground	140	Carlsbad	\$42		
Windmill RV Park	60	Carlsbad		\$600-\$700	Full
El Dorado Estate Mobile Home & RV Park	94	Carlsbad		\$500+electric	Completely full
Pecos River RV Park	20	Carlsbad	river: \$40; pull through: \$35	river: \$530; pull through: \$510	Completely full, 200-300 calls a week
Boyd Mobile Home Park (Bonaventure)	42	Carlsbad		\$225	Completely full
Carlsbad Mobile Manor (Saddleback Valley Community)	N/A	Carlsbad			
Keystone Mobile Home, 55+	33	Carlsbad		RVs: \$381, Mobile Homes: \$356	2 spaces coming
Logos Mobile Home	N/A	Carlsbad			
North Forty Mobile Home Ranch	N/A	Carlsbad			
Orchard Lane Trailer Park	N/A	Carlsbad			
Park Place Mobile Home Park	26	Carlsbad		\$100	Completely full
Westwind Mobile Home	60	Carlsbad		\$600 for 3-bedroom	Completely full; 40-50 calls a day
Total Known Spaces	475				

Source: Carlsbad Department of Development, 2014, SSW 2015

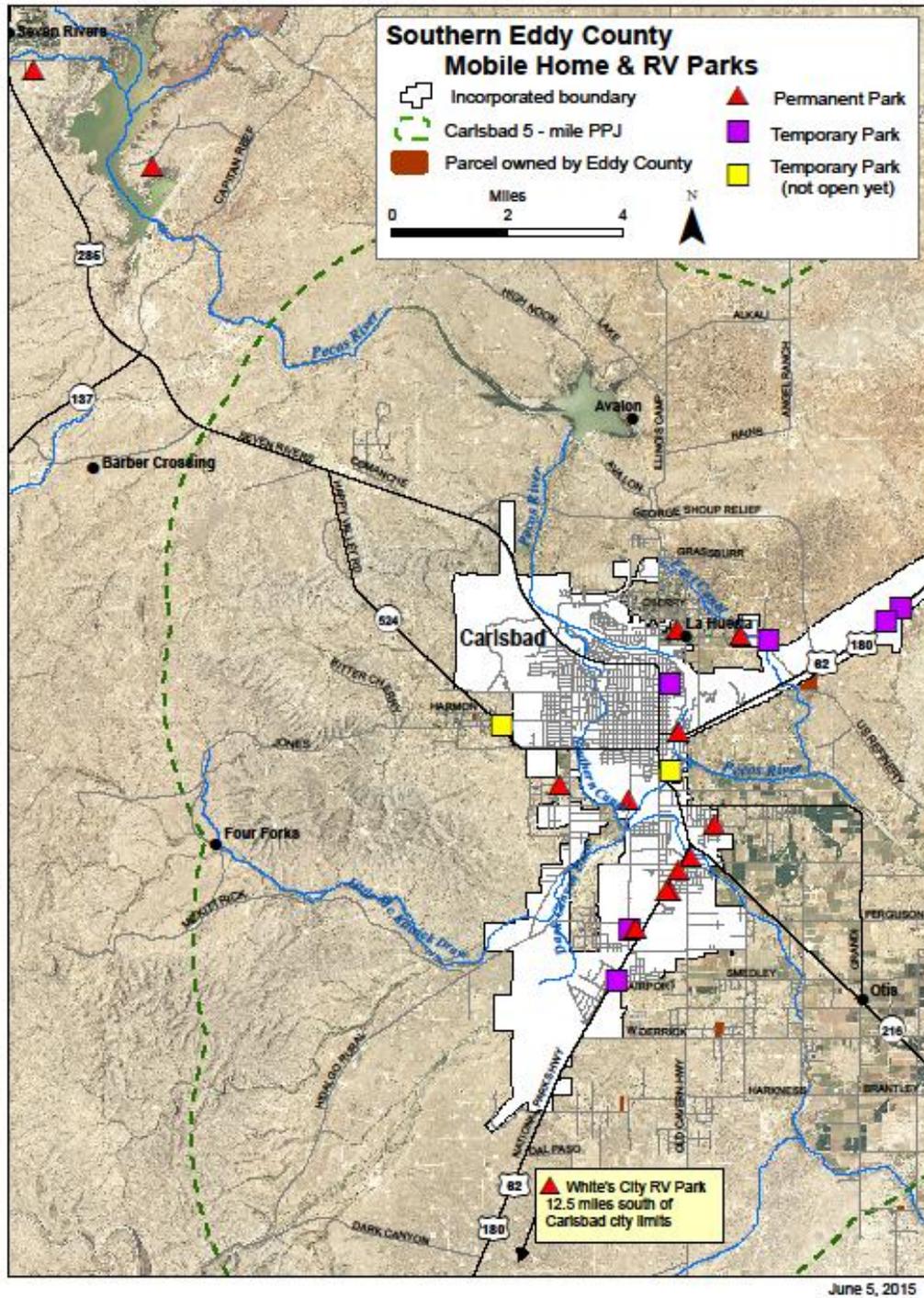
According to local real estate sources, an unknown percentage of hotel and motel rooms in Carlsbad are also being used as long-stay housing for mining and construction workers, driving up room costs. At the close of 2014, older facilities, built in the 1960s and 1970s, were renting for \$45 to \$147 a night, while those constructed or renovated in the 1980's or later were priced from \$150 to \$392 per night. These rooms are located within the Carlsbad city limits.

Table 33. Existing and Proposed Hotel and Motel Rooms in Carlsbad, NM

Hotels and Motels	No of Rooms	Year Built	Average Wkday Rate
Royal Manor	26	1960's	\$45
Carlsbad Inn	30	1960's	\$50
Economy Inn	24	1970's	\$50
El Rey Motel	20	1960's	\$55
Continental Inn	60	1970's	\$60
Executive Suites & Hotel	90	1960's	\$65
Parkview Motel	30	1960's	\$67
Caverns Motel of Carlsbad	46	1970's	\$79
Motel 6	73	1970's	\$89
Stagecoach Inn	55	1960's	\$100
Rodeway Inn/White's City	60	1960's	\$106
U.S. Travelers Inn & Suites	53	2001	\$130
Econo Lodge	124	1970's	\$145
Great Western Inn & Suites	84	1970's	\$147
Super 8 Motel	56	1980's	\$150
Best Western Stevens Inn	205	1960's	\$180
Days Inn	60	1970's	\$189
Trinity Hotel	9	2010	\$239
Comfort Inn & Suites	87	2014	\$349
Hampton Inn	84	2009	\$379
Holiday Inn Express	80	2008	\$379
Fairfield Inn by Marriott	91	2011	\$392
La Fonda Motel	14	1950's	n/a
Total	1,461		
NEW or IN PROCESS			
Townspace Suites	N/A	Open	\$299 (8/2015)
Candlewood Suites	81	Construction	
Motor Lodge	50	Proposed	
Sleep Inn	75	Open	\$169 (8/2015)
La Quinta Inn and Suites	96	Open	\$179 (8/2015)
Aloft	N/A	Proposed	

Source: Carlsbad Department of Development, SSW

Figure 13. Mobile Home & RV Parks



All of this information together portrays an area with a very tight housing market and few rental vacancies at any price. The developer/construction industry has responded to the demand to some extent, stepping up its production to 300-400 units per year (except one) since 2010, for a total of 1,342 units.

Subsidized Housing Summary

There are approximately 165 subsidized units of various sizes in Carlsbad, and another 430 in Artesia, where there is water and sewer infrastructure to support them. Nearly 50 percent reserved for elderly residents. Interviews with project and property managers in January 2015 found at least 143 eligible people on waiting lists for subsidized units in Carlsbad and another 68 in Artesia, although prospective renters could be on more than one waiting list. Most of the subsidized rental apartments in the County were built as affordable housing under federal programs (HUD and USDA) in the late 1960s. Some are reserved for Section 8 affordable units, some for low-income elderly and/or disabled tenants. A few were built more recently under the tax credit program.

Development Market

All of this information together portrays an area with a very tight housing market and few rental vacancies at any price. Some people employed in the area are reluctant to purchase homes in the area, believing the prices are too high for the available products or because they worry the gas and oil boom might end and they will be left holding underwater mortgages. The developer/construction industry has responded to the demand to some extent, stepping up its production to 300-400 units each year (except one) since 2010, to produce a total of 1,342 units, although this is still insufficient to meet demand.

Three market rate apartment complexes were constructed on the outer edges of Carlsbad after 2000—Copperstone Apartments in the northeast (Calloway Dr. and Cherry Lane), Avalon in the south end of the city on San Jose Blvd., and the Village at Carlsbad, also to the south along National Parks Highway. These three complexes have finished building 503 units and have 256 more in the pipeline. There were no vacancies at the end of 2014 or in mid-April 2015.

New for-sale housing has been constructed in several recent developments:

Northern Carlsbad

- **Spring Hollow**, approved in April 2009 for 191 homes west of the Copperstone Apartments in the northeast. Prices now in the \$199,400 to \$260,000+ range.
- **Riverfront**, consisting of 11 lots on the Pecos River. Lot prices \$300,000 to \$600,000 and up.

Southern Carlsbad area

- **Farmview**, approved in February 2011 for 114 single family homes on half-acre lots. Current prices range from \$224,000 to \$270,000.
- **Walker Subdivision**, including 50 lots along old Cavern Highway.
- **Valley View Heights** on Lea Street, consisting of 14 lots with home prices initially ranging from \$100,000 to \$160,000.

Cost and Availability of Land

A search of realtor sites in late Fall 2014 found 53 parcels of land for sale in Eddy County (none were cited as being located in the unincorporated part of the county). The most lots were for sale in Carlsbad, with 1-acre lots being the most prevalent (13 lots). These were priced between \$34,900 and \$60,000 each. The most prevalent type of lot for sale in Artesia (7 lots) was approximately two acres in size with a price tag of \$15,000. Smaller, likely commercial, lots downtown were less than half an acre and cost three times as much or more.

Table 34. Cost and Availability of Land, November 2014

Location	No. of Lots for Sale	Parcel Sizes (acres)	Price Range Per Parcel	Price per Acre- (Range)	Median Price per acre
Artesia	14	0.16 -4.50	\$15,000-\$190,000	\$6,466-\$306,122	\$8,333
Carlsbad	36	0.15-40.00	\$18,000-\$1.2 million	\$3,250-\$478,873	\$37,187
Loving	3	2.32-63.00	\$15,000-\$1.008 mill.	\$6,466-\$16,000	\$15,004

The most prevalent type of lot for sale in Artesia (7 lots) was approximately two acres in size with a price tag of \$15,000. Smaller, likely commercial lots, downtown were less than half an acre and cost three times as much or more.

Community and Housing Profile Summary

Key findings regarding Carlsbad and its regional context that have implications for housing demand and affordability are:

- The actual population in the area, while difficult to pinpoint exactly, is higher than the numbers estimated by the U.S. Census, which makes investors skittish about investing in housing.
- The influx of oil and gas workers has filled up apartments, hotels/motels, RV camps, pushing rent and housing prices higher and leaving few places for tourists to stay.
- Employers are having difficulty filling jobs due to the lack of housing availability and the high costs.
- Renter households with incomes less than 80 percent of the area median income cannot afford average rents in more than 70 percent of apartment units even if they were available. They are obliged to overextend their finances or move in with others.
- Households with incomes from 80 to 100 percent of the area median income can only afford to purchase an existing, older home, which are limited in supply and quality. To begin to afford a new site-built home, households need an income of at least 100 percent of the area median.
- Those with incomes below 80 percent of median would need subsidies in order to purchase.
- All of the subsidized apartments in Carlsbad and Artesia have long waiting lists.

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III. Housing Needs Assessment

A. Existing Housing Needs

There are several ways to determine the level of affordable housing in a given community. One is by examining the number of households experiencing a housing cost burden. A cost burden exists when a household pays more than 30 percent of their income on housing and related expenses, indicating that the housing is not affordable.

Cost-Burdened Households

According to the most recent available data from the American Community Survey, 23.6 percent of Carlsbad households may be experiencing a housing cost burden. Renters make up a higher percentage of this group (57%) than homeowners (43%). These percentages are similar to those in all of Eddy County but the converse of those for the state at-large where homeowners are more cost-burdened (see Table 35).

Table 35. Carlsbad Households with a Housing Cost Burden, 2013

	Total With a Cost Burden, City of Carlsbad	% Total, City of Carlsbad	Total, Eddy County	% Total, New Mexico
Total	2,463	23.6%	19.5%	31.1%
Owner Households	1,061	43.0%	43.8%	52.3%
Renter Households	1,402	57.0%	56.2%	47.7%

Source: American Community Survey 3-year Estimates, 2011-2013

Not surprisingly, renter and owner households in the lower income ranges in Carlsbad experience a housing cost burden at a much higher rate than those at higher income levels (Table 3628). Of renters with a cost burden, 62 percent earn less than \$20,000 a year, and 28 percent earn between \$20,000 and \$35,000. These percentages fall dramatically among those earning between \$35,000 and \$50,000, although 9 percent of renter households earning between \$50,000 and \$75,000 still spend more than 30 percent of their income on housing.

Of homeowners with a cost burden, nearly 60 percent have incomes less than \$20,000 a year and 26 percent have incomes between \$20,000 and \$35,000.

Table 36. Carlsbad Households with a Housing Burden by Income Level, 2013

Households by Annual Income	Owner-Occupied Units		Renter-Occupied Units	
	Number	Percent*	Number	Percent*
Total Households	7,007	67.2%	3,417	32.8%
Households Paying 30%+ of income for housing	1,061	15.1%	1,402	46.2%
-Less than \$20,000	629	59.3%	873	62.3%
-\$20,000-\$34,999	279	26.3%	392	28.0%
-\$35,000-\$49,999	123	11.6%	90	6.4%
-\$50,000-\$74,999	19	1.8%	47	3.4%
-\$75,000 or more	11	1.0%	0	0.0%

Source: American Community Survey 3-Year Estimates, 2011-2013

*Households with a cost burden at each income level as a percentage of total cost-burdened households

Census data reporting the number of households with a cost burden by age indicate that renters aged 25 to 64 and homeowners aged 35 to 64 are more likely to have a cost burden (Table 37). Nevertheless, nearly 30 percent of owner households facing a cost burden are headed by a person 65 or older, indicating that these households may need assistance with home maintenance or may consider relocating to more affordable housing at some point. The data support anecdotal information about the need for more affordable entry level housing in Carlsbad.

Table 37. Carlsbad Households with a Cost Burden by Age of Householder, 2012 and 2013

	Owner-Occupied Units (2013)		Renter-Occupied Units (2012)	
	Number	Percent*	Number	Percent*
Total Households	7,007		2,908	
Households Paying 30%+ of income for housing	1,061	15.1%	1,017	35.0%
- By Age of Householder				
15-24 Years	0	0.0%	64	6.3%
25-34 Years	73	6.9%	381	37.5%
35-64 Years	677	63.8%	397	39.0%
65 Years and Over	311	29.3%	175	17.2%

Source: American Community Survey, 2011-13 estimates (Owners) and 2010-2012 estimates (Renters)

*Households with a cost burden as a percentage of the total householders at each age range.

B. Summary of Housing Needs

The summary of housing needs includes households who reported being cost-burdened in the latest American Community Survey, workers living in established and temporary RV parks and campgrounds in Carlsbad and in Carlsbad hotels and motels, people on waiting lists for subsidized apartments in Carlsbad, employer estimates of employee needs, open jobs and future jobs, and people in Carlsbad counted as homeless or in needs of transitional housing. Since Eddy County does not provide infrastructure for multi-family complexes (water and sewer services), it is assumed that Carlsbad is the most feasible place for new multi-family construction.

Households with a Cost Burden

Based on Census estimates reported in the previous section, an estimated **1,060 homeowner and 1,400 renter** households in Carlsbad pay more than 30 percent of their incomes for housing. A higher proportion of renters than homeowners in the city are cost-burdened because that is the location of most apartment complexes due to infrastructure requirements.

Households most likely to bear this cost burden have incomes of less than \$20,000 annually if renting, and less than \$35,000 annually if homeowners. The renters tend to be younger (34 years old or less) and the homeowners middle-aged (35 to 64 years old). Households earning at least 80% AMI and above are candidates for affordable home ownership. Households with incomes below 60% AMI are most likely to need subsidized rental housing.

In 2014, the Southeast New Mexico Community Action Corporation (SNMCAC) distributed \$14,793 in one-time emergency rental assistance to 42 households in Eddy County, for an average of \$352 per household. More funds would have been distributed if they had been available.

Overcrowded Households

Based on Census estimates reported in the previous section, **228 households live in crowded conditions** and **69 households live in extremely overcrowded** conditions in Carlsbad. For the unincorporated area comparable numbers are **191 households and 21 households**. As with cost-burdened households, the appropriate solution to relieving overcrowding depends on tenure and income.

Affordable Rental Housing

There are no vacancies for rental apartments or houses in Eddy County in either market rate units or affordable units. There are approximately **237 subsidized apartment units** in the Carlsbad area, targeted to eligible renters according to income, disability or age. At these apartments, residents pay 30 percent of their incomes for housing and the remainder is subsidized through vouchers, tax credits, or Section 8 rental assistance contracts. Some are reserved for seniors.

None were vacant in January 2015, and interviews with project and property managers identified at least **131 eligible people on waiting lists** for subsidized units at these complexes (prospective renters could be on more than one list.)

Homeless Individuals

According to local service providers in 2014, there are currently about **25 homeless** individuals who live along the Pecos River in Carlsbad. Annual counts done by NM Coalition to End Homelessness found 24 homeless individuals in Eddy County on January 28, 2013, and estimated that **135 individuals** would need supportive housing. They projected that the County needs a total of **35 emergency shelter beds** and **14 transitional housing units**. Some of these needs could be met by establishing a permanent shelter in Carlsbad. This might be a joint city-county responsibility.

Senior Rehabilitation and Rental

The need for housing seniors in Carlsbad was estimated by looking at the number of households with a householder aged 65 and older with a cost burden. An estimated **311 elderly homeowners** and **175 elderly renters** pay more than 30 percent of their incomes for housing.

Employees in Temporary Housing

This category includes primarily oil and gas and potash workers as well as construction workers who are living in permanent and temporary mobile home/RV camps and parks. It also includes those living in hotels and motels in Carlsbad or Artesia. A certain percentage might move to available houses, manufactured homes or apartments within the city or unincorporated county if places were available and affordable. Most have workforce or market rate incomes, but may lack clean credit scores or down payments. Their needs could be met by additional housing in general (single family homes or apartments) or planned and environmentally regulated mobile home parks. Providing more appropriate housing for this group could help drive down inflated housing prices in the community and free up hotel rooms for tourists and other travelers.

- **Permanent and Temporary Mobile Home/ RV Parks.** There are an estimated **475 employees** living in mobile home/RV parks in Carlsbad and at least 150 in temporary camps . Perhaps 70 percent would move into apartments or houses if they available and affordable.
- **Hotel /Motel residents.** Of the approximately 1,460 hotel /motel rooms in the Carlsbad area at the end of 2014, an estimated 70 percent were occupied by oil, gas and potash workers, while 20 percent were long stay or people waiting for homes. Most employees would prefer to live in an apartment or house, if available.
- **Needs from Employer Survey.** According to employers, about 130 employees at 60 percent AMI and below currently are in need of affordable rentals, another 100 between 60% and 80% AMI need rental housing and 75 are looking to purchase homes. Another 60 (at 80% AMI and above) can afford market rentals or purchases.

- **Future Needs.** Looking to the future at unfilled jobs and expected future hires, employers anticipate a need for 250 affordable rentals (below 60% AMI), some 330 workforce rentals (between 60% and 80% AMI), and 330 market rate houses.

Future projections. At an average annual population increase of 1.14 percent (2000-2010) to 1.9 percent (2010-2013), the city could need an additional 100 to 175 housing units per year in the future, if the population continues to grow at its current pace.

C. Types of Housing Needed

Based on quantitative data, stakeholder interviews and public input, there are a variety of housing needs in the Carlsbad area. There are three main groups not being well served by the existing housing market: 1) households where the primary wage earner makes \$10 per hour and below (an annual income of less than 50 percent AMI), 2) the general workforce earning between \$10 and \$16 an hour (50% to 80% of the area median income or from \$21,200 to \$33,900 annually for one person) and 3) households who can afford the market area prices but can't find anything suitable to rent or buy. Long-term residents fall into all three categories. In addition, there are workers, primarily in oil and gas related industries, who live in Eddy County during the week and return home on the weekends. These workers do not relocate their families because of the lack of housing and because their families are established elsewhere.

Rental Housing affordable to the general workforce as well as lower income households is the greatest existing need. Even with the addition of more than 700 rental units over the past five years the vacancy rate was 0.2 percent in April 2015, which keeps the prices high. A vacancy that does open up in one of the existing market rate complexes requires a household income of at least \$36,000 annually (\$17 an hour) for a one-bedroom unit at \$900 a month and more than \$49,800 (\$24 an hour) for a two-bedroom apartment priced at \$1,248 a month. These required incomes are above 80% of AMI for households. Households earning less would need some kind of subsidy to bring prices to a level they could afford.

Most multi-family housing is found in or near Carlsbad and Artesia due to infrastructure requirements. The County could consider donating land or the cost of infrastructure to help develop more affordable rentals. More units in general would help meet the demand and stabilize rent levels.

Workforce Home Ownership—For-sale housing of good quality priced from \$100,000 to \$210,000 is needed for middle income households earning between 60% and 100% of AMI. Prices for the least expensive new production homes listed on a developer website indicated that the lowest prices for new houses range from \$210,000-\$226,000 (100 to 120% AMI).

Senior Housing—Needs for senior housing embrace both independent and assisted living. These include both market rate and affordable or subsidized options for low and moderate-income seniors. The needs described in this plan focus on the need for affordable or subsidized senior housing. Many seniors may choose to “age in place” rather than downsize their living quarters to apartments or assisted living. As more than 300 homeowners said they are paying more than 30 percent of their incomes on housing, the most inexpensive options for keeping them housed might be to provide occasional rental or mortgage assistance, property tax credits, and assistance with rehabilitation and weatherization. Those with lower incomes seeking to relocate to apartments will face long waiting lists for subsidized apartments in Carlsbad and Artesia.

Housing for People with Disabilities—The only housing in Eddy County available for this population is subsidized apartments in Carlsbad and Artesia, which have continuous waiting lists.

Emergency Housing Assistance and Transitional Housing—Other than a shelter for victims of domestic abuse, there are no permanent programs in place to assist households in need of emergency shelter in the unincorporated county or Carlsbad. The Carlsbad Transitional Housing and Homeless Shelter (CTHHS) organization is working to establish a permanent shelter for homeless individuals; local churches currently volunteer spaces when the temperature drops below freezing. The nonprofit group manages three houses that serve as transitional living quarters and is seeking a fourth.

The following chart summarizes the estimated housing needs of Carlsbad now and over the next five years, based on available data. The numbers are somewhat fluid and depend greatly on the state of the city’s economy, especially the oil and gas industry.

Table 38. Summary of Housing Needs

Type of Housing	Target Market	Current Total Need	Estimated Additional Future Need*	Comments
Affordable Rental Units	Households earning up to 60% of AMI (~\$25,440 for 1-person HH; \$36,300 4-person HH) in the Unincorporated Area and Carlsbad. These include cost-burdened renters (<\$35,000), those on subsidized apartment waiting lists, and employer needs.	1,550 units, 30 set aside for senior-headed households	150 additional per year for five years (or 750 total).	Need may be met through vouchers, subsidized construction, modular/manufactured homes. MFA prefers an increase in multi-family units over manufactured homes due to appreciation.
Workforce Rental Units	Households earning at least 60% to 80% of AMI (\$26,000 for 1-person HH; \$48,000 for 4-person HH): Includes cost-burdened renters (\$35,000-\$50,000), employer needs, workers in temporary and permanent RV and mobile home parks and in hotel and motel rooms.	1,600 units	150 per year for five years (or 750 total)	Some needs may be met by apartments, townhomes, or accessory dwelling units (ADUs), energy-efficient manufactured homes (on permanent foundations), subsidized land or infrastructure.
Workforce Home Ownership	Households with annual incomes at 60% to 100% AMI, Based on employer current needs, those in RV/mobile home parks, hotel/motel rooms.	200 units	30 – 60 additional per year for five years (or 150-300 total)	Need could be met through subsidized land or infrastructure, townhomes, energy-efficient manufactured homes (on permanent foundations), manufactured homes existing houses for sale.
Housing Rehab In Carlsbad	Housing rehabilitation is needed to make homes sanitary and habitable. Units that cannot be rehabilitated should be demolished and replaced. -Cost-burdened Carlsbad homeowners with HH incomes under \$35,000.	Maintenance assistance to up to 1,000 cost-burdened homeowners	Demolish and replace 5 -10 dilapidated houses per year.	Target elderly cost-burdened homeowners and other very low and low income homeowners with weatherization and other repairs.
Transitional Housing and Emergency Shelter	At least one more transitional home and up to 35 emergency shelter beds to serve the homeless and those transitioning back into general society.	25 beds/1 SF home	10 additional beds	The County and Carlsbad could share financial responsibility on a proportional basis.
Supportive Housing	Supportive housing is needed for individuals who are unable to live on their own, such as those diagnosed with mental illness or other disabilities.	135 spaces, preferably in small group homes.		The County and Carlsbad could share financial responsibility on a proportional basis.

Type of Housing	Target Market	Current Total Need	Estimated Additional Future Need*	Comments
Market rate Rental Units (More than \$850 for 1-BR or \$1,200 for 2-bedroom)	Households with annual incomes above 100% AMI. (~\$34,000 1-person HH, \$48,400 for a 4-person HH) From employer survey, hotels/motels occupants	100 units	500 over next five years	Need to be met by the private sector
Market-rate home ownership (\$210,000 and up)	Households with annual incomes at 100% and above. - Employer current (26), hotels/motels (70), future (170-330),	150 units	150-300 over next five years	Need to be met by the private sector.

* Numbers assume oil and gas boom continues into the future.

The closest resource for housing rehabilitation programs is the Roswell USDA Rural Development office, which administers provides loans and grants (for very low income homeowners 62 years old or older) to very low income homeowners to repair, improve or modernize their home or remove health and safety hazards. The maximum loan is \$20,000, and the maximum grant is \$7,500. All work has to be done by a licensed contractor. The USDA office does not currently have any rehabilitation loan requests. The main issue with these loans and grants is that the older houses that need rehabilitation cannot be brought up to code for within the loan amount.

Southwestern Regional Housing and CDC, located in Deming, administers the New Mexico EnergySmart weatherization program across southern New Mexico, including Eddy County. However, this program and SRH&CDC's field office location in Roswell are dependent upon Federal funding.

The SNMCAC office in Roswell sponsors Group Workcamps, a program of the Group Workcamps Foundation, a faith based non-profit that provides free home repairs by adult and teenagers from church youth groups. This national program, headquartered in Colorado, comes to Roswell every few years and repairs approximately 50 homes. Eddy County could partner with SNMCAC by indicating interest and helping SNMCAC identify potential homes to be included in the next program in Roswell.

Carlsbad Battered Families Shelter, Inc

This organization offers emergency shelter and other services to victims of domestic violence. The shelter currently has the capacity to house ten families or households for 60 to 90 days; three-quarters of its adult clients are female. Staff also offers 24-hour crisis intervention, a victim/survivor group, nutrition classes, a parents group, a child witness group, and rental/deposit assistance when available. Staff identified a need for 10 to 20 transitional houses for their clients to move to, affordable for households with incomes of up to \$19,000 annually (approximately 30 percent AMI). While additional shelter space would also be desirable, it would have to be accompanied by an increase in staff.

Carlsbad Community Development Corporation (CCDC)

The Carlsbad Community Development Corporation (CCDC) is a nonprofit formed in 2007 dedicated to revitalizing the Carlsbad, NM community through the promotion of education projects, community enhancements, and charitable activities. A key initiative is the Construction Trades Vocational Program (CTVTP), created in conjunction with NM State University-Carlsbad, area high schools, and the City. The program's primary goals are 1) to create a trained workforce in construction trades and 2) to provide affordable housing for low-income families. By building affordable new homes on infill lots condemned by the City the program helps beautify and improve the community. Proceeds from sales are used to pay construction costs of the next house. Purchasers need to maintain the home's affordability for a prescribed number of years, depending on the length of the mortgage.

The program aims to train and certify 100 high school students per year in construction trades including carpentry, roofing, electric work, plumbing, drywall, concrete, masonry, floor coverings, painting and landscaping. Students acquire hands-on experience by building at least one home per year, which is then sold to a qualified low-to-moderate income family.

Eastern Regional Housing Authority (formerly Region VI)

The Eastern Regional Housing Authority serves 12 counties, five of which are in New Mexico: Chaves, Eddy, Lea, Lincoln and Otero. Located in Roswell, it operates 124 affordable housing units and distributes Section 8 housing vouchers for a limited number of low income, elderly and disabled renters. Vouchers allow participants to find housing in the private market by paying a housing subsidy directly to the landlord. The renter pays the difference between the subsidy and market rent. Incomes of eligible individuals or families may not exceed 50 percent of the area median income and three-quarters of vouchers must go to applicants with incomes at or below 30 percent of median. The Authority administers 41 Section 8 vouchers in Eddy County, mostly for single family dwellings, and had distributed an additional 46 to participants primarily in Carlsbad as of January 2015.

Habitat for Humanity

Habitat for Humanity Carlsbad Area (HFH-C) is a nondenominational Christian housing ministry that provides affordable homes for very low income families who can invest 500 hours of "sweat equity" in home construction and repay construction costs through a 20-year, no-interest loan. It is an all-volunteer organization that relies on the support of local communities to help with the primary goal of building two homes a year for low-income families. Eighteen homes have been completed and occupied in Carlsbad since the program began in 1999, and another just began construction. The homes remain affordable in perpetuity as HFH-C shares equity through a second mortgage and has the right of first refusal when a home is offered for sale.

Southeast NM Community Action Corp (SNMCAC)

This nonprofit organization was founded in 1965 in Eddy County to "change lives by developing human, social, educational, and economic resources to their fullest potential," and now serves Eddy, Otero, Chaves, Lea and Lincoln Counties.

It provides rent, mortgage and utility emergency assistance for qualified low-income applicants up to once a year. In 2014, SNMCAC distributed \$14,793 in one-time emergency rental assistance to 42 households in Eddy County, for an average of \$352 per household. The organization also partners with Group Workcamps that offer youth and teens experience in rehabilitating the homes of elderly, disabled, and low-income community members.

The remainder of their efforts focus on operating a Head Start program for low-income pre-school children, funding nutritious meals for participants of family day care and adult care homes and centers, and providing various services to senior citizens (congregate meals, social activities, group exercise, home-delivered meals, transportation to and from senior centers and other appointments, limited housekeeping, adult day care in Artesia, and delivery of food commodities from Roadrunner Food Bank, Salvation Army and Wal-Mart).

Interfaith Housing

Southwest Regional Housing and Community Development Corporation

Based in Deming, SRHCDC services the NM Energy Smart weatherization program for the southern half of the state. The program pays for minor repairs to help homeowners and renters to conserve energy, for example, window repair and glass replacement, repair or replacement of exterior doors, and insulation. To be eligible, household incomes must be at or below 200 percent of federal poverty guidelines (Up to \$23,540 for 1 person, \$48,500 for 4 persons). Preference is given to persons 60 or older, with disabilities, and in some cases families with children.

Carlsbad Transitional Housing and Homeless Shelter

Is a non-profit organization that offers temporary housing for those seeking to transition to the market economy as well as a few shelter beds and meals for homeless individuals when temperatures drop below freezing. The transitional housing part manages three houses and is seeking a fourth. Shelter beds are provided at various churches throughout the winter months; times and availability are posted on CTHHS' Facebook page. The group is working on establishing a permanent homeless shelter. The new executive director is Rev. Brian McGonagill.

The organization also works with the **Bridge Outreach** project started by Emanuel Quintella, which aims to help feed and shelter homeless individuals and reintegrate them into society. Through donations the project provides food boxes, tents, clothing and sleeping bags. Other members of the Bridge team are Rev. Brad Coates, Carlsbad First Assembly, which can accept tax deductible contributions for the outreach effort, and Jim Grantner.

Tierra del Sol Housing Corporation (TDS)

Tierra del Sol is a non-profit housing corporation that has served southern New Mexico and West Texas for over 40 years. It provides affordable multifamily rental units, single family homes for sale, rehabilitation assistance, home buyers education and foreclosure prevention. Rental housing includes rural farm labor rental housing, senior congregate housing, supportive housing for the elderly and

disabled, and LIHTC limited partnership-owned mixed housing. TDS has developed housing in the past with financing from the U.S. Department of Housing and Urban Development and with USDA Rural Development.

IV. Land Use and Policy Review

Lack of housing was cited as a major issue during surveys and stakeholder interviews conducted for this plan. Existing policy documents, including the city Comprehensive Plan and previous housing plan highlight the need for affordable housing. A number of factors contribute to the city's shortage of housing units, but the most notable factors include:

- The increased cost of housing due to high demand from an influx of new employees into the energy industry.
- High land, construction, and infrastructure costs.
- Developer wariness about investing in an area that experiences periodic boom and bust economic cycles.

A. Existing Plans and Land Use Policies

City of Carlsbad Comprehensive Plan, 2012

The Carlsbad Comprehensive Plan was completed in August 2012. The plan's housing element reiterated earlier findings from the Greater Carlsbad Housing Analysis and Strategic Plan (2009) and previous comprehensive plan. It noted that three new market rate rental complexes were underway (Copperstone Apartments, Avalon Apartments, and the Village at Carlsbad) as well as several new single family subdivisions (Spring Hollow, Riverfront, Farmview, Walker, and Valley View Heights). It stressed three particular goals and strategies to accomplish:

- Encourage development and redevelopment of housing by adopting housing provision as an integral part of its community development program and cooperating with the private and non-profit sectors.
- Protect residents' health, safety and welfare by seeking CDBG funding to rehabilitate or replace housing or residential infrastructure that is in poor condition.
- Cooperate with Eddy County to better regulate residential development in the unincorporated county so that it is appropriately sited and supplied with adequate infrastructure as well as work with the county to correct blighted conditions in unincorporated areas.

Greater Carlsbad Housing Analysis and Strategic Plan, June 2009

This plan pointed out the need for more housing units, particularly multi-family. It also identified a number of barriers to the development of both market rate and affordable housing in the Carlsbad area. They included the following:

- Insufficient infrastructure, particularly for water and wastewater
- Insufficient financing for housing developers and potential buyers
- Disincentives for development such as restrictive provisions in the subdivision and zoning ordinances.

The plan put forth several goals, policies and action steps to address these constraints:

- Eliminate regulatory barriers.
- Pursue infill development.
- Actively work to acquire land and partner with private and nonprofit entities to develop mixed income and affordable housing developments.
- Ensure adequate infrastructure capacity in infill and expansion areas by completing projects already underway and creating a drainage plan.
- Eliminate blight by increasing code enforcement and pursuing condemnation of lots.
- Undertake beautification and recreation projects.
- Cooperate with Eddy County in regulating land and development in the unincorporated areas around Carlsbad where possible.

Since adoption of this plan, the city has revised both the subdivision and zoning ordinances to facilitate infill development and created an infrastructure reimbursement program to help defray development costs and keep housing more affordable. It created a drainage plan and has funded water and wastewater infrastructure improvement projects to support future housing development. It also expanded its permitting and code inspection services to building, mechanical, plumbing and electrical systems and embarked on a initiative to condemn and replace blighted homes, demolishing about four to five units a year.

City of Carlsbad Zoning Ordinance

The City of Carlsbad zoning ordinance was updated in 2009 and is currently undergoing revision. It contains three progressively denser residential zones and a planned unit development zone. In addition, various residential uses (except single family) are allowed or can be approved as conditional uses in commercial zones. Zoning districts are shown in the following table.

Table 39. Zoning Districts

Zoning Category	Description	Permitted Residential Uses	Minimum Lot Size & Dimensions	Setbacks	Height
R-R	Rural Residential	Farms & ranches Low density, SF residential Business residence Employee housing Mobile or Manufactured home Rooming/Boarding house Community home or living Residential Care facility	10,890 SF (with city utilities); 75 ft. street frontage 43,560 SF or one acre (without city utilities); 110 ft street frontage	Front: 30'/20'* Side: ** Rear: 20'	40 ft
R-1	Moderate-density single family residential	Employee housing Manufactured home Single family attached (duplexes, condos) Community home or living	Area: 6,000 SF Street frontage: 50 ft	Front: 30/15* ft Side: ** Rear: 10 ft	40 ft

Zoning Category	Description	Permitted Residential Uses	Minimum Lot Size & Dimensions	Setbacks	Height
R-2	Higher-density single family, duplex, multi-family and mobile home parks and subdivisions	Employee housing Manufactured home Multi-family dwelling Rooming/boarding house Single-family attached (duplexes, condos) Community home/living Congregate residence Residential care facility	Area: 3,000 SF Street frontage: 50 ft	Front: 0 ft Side: ** Rear: 10 ft	40 ft
C-1	Neighborhood-scale retail, office, and customer services	Business residence Employee housing Manufactured home Community home or living Congregate residence Residential care facility	Area: 3,000 SF Street frontage: 50 ft :	Front: 0 ft Side: ** Rear: ***	50 ft
C-2	Community and regional-scale retail and commercial uses	Business residence Community home Congregate residence	Street frontage: 50 ft	Front: 0 ft Side: 10 Rear: ***	N/A
I	Heavy or concentrated fabrication, production, research manufacturing and industrial uses	Conditional uses include business residence, employee housing, other household living, and other group living.	Street frontage: 100 ft	Front: 0 ft Side: 20 ft. Rear: ***	N/A
PUD	Planned Unit Development: uses allowed in other zones designed or clustered in more innovative, flexible ways	All residences except manufactured/multi-section homes. Typically a range of residential densities or mix of residential and non-residential uses..	Requires development agreement		

* Where majority of buildings on block are closer than 30 ft from front property line, the lesser setback applies

**Side setbacks provide a buffer between uses and for safety purposes. Minimums range from 5 to 10 ft, depending on building wall height.

*** A minimum of 10 ft is required when the rear of a non-residential uses abuts a residential zoning district

In addition,

- Mobile home parks and subdivisions are permitted as conditional uses in Rural Residential, R-2, C-1 and C-2 zones.
- Employee housing is permitted as a conditional use in C-1 and C-2 zones.
- Multi-family housing is permitted as a conditional use in Rural Residential, and C-2 zones.
- Rooming/boarding houses are permitted as conditional uses in R-1 and C-2 zones.
- Congregate residences are permitted as conditional uses in Rural Residential and R-1 zones.

- Residential care facilities can be conditional uses in the R-1 zone.
- Other household living or group living can be conditional uses in all zones.
- Zero lot line developments (dwelling units are shifted to one side of each lot to provide greater usable side yard space on each lot) are allowed in any zoning district that allows residential uses.
- The zoning ordinance also includes standards for mining and extractive uses; manufactured homes, mobile homes and RVs; and landscaping and screening requirements.

Subdivision Ordinance. The city's subdivision ordinance is typical of New Mexico communities. The ordinance requires 60 feet of right-of-way for local and residential streets within the city limits and for streets where development density is not more than one dwelling unit per acre or those developed in the five-mile planning and platting jurisdiction of the city. More recent development approaches include narrower local streets so long as streets are accessible to emergency vehicles. The City could consider reducing right-of-way and paving widths in subdivisions where emergency vehicles do not need to turn around.

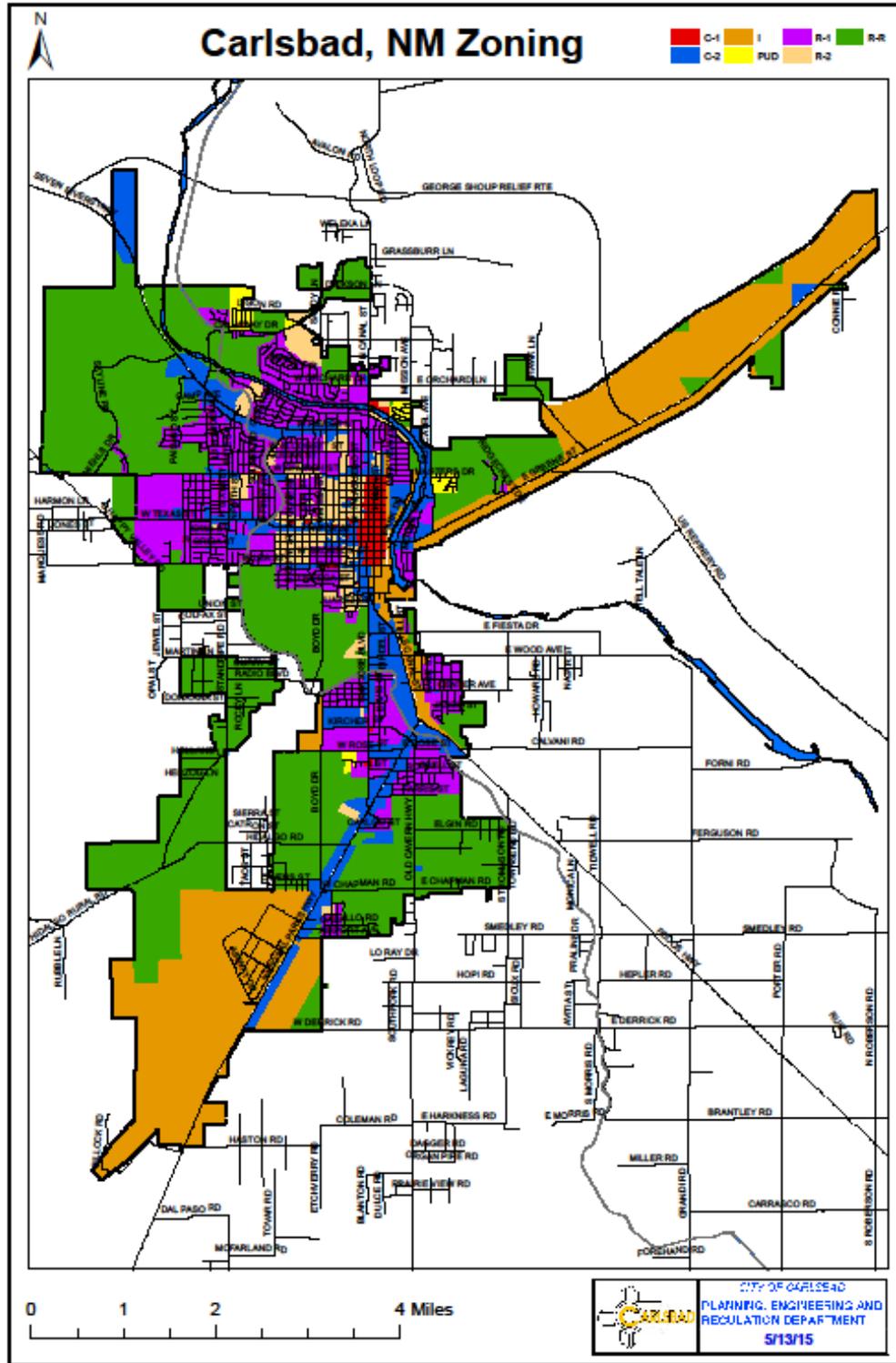
Fees. The city does not have impact fees and, in fact, reimburses up to 15 percent of qualifying infrastructure costs for new construction. Building permit fees in 2014 ranged from about \$350 to \$500 for homes with a construction value of \$120,000 to \$200,000. Water connection fees for a typical ¾-inch line run about \$2,500. Sewer connection costs vary as they include costs to repair road and alley cuts.

Development process. New subdivision developments take a minimum of 30 days for review by City staff and approval by the Carlsbad Planning and Zoning Commission, which meets once a month. Construction plans typically are reviewed in seven to ten days. The Planning Commission makes decisions on conditional use and variance requests as well as site plans for subdivisions.

The Commission must act within 90 days of initial review of a preliminary plat as well as final submission of a final plat. A Commission designee may approve small subdivisions typically involving only two or fewer lots that meet the specified standards. The Planning Commission and City Council may approve a planned unit development.

The Carlsbad City Council is authorized to consider and decide appeals of decisions made by the planning and zoning commission, enact amendments to the zoning ordinance, study and refine additional development criteria and establish policy and rules for administration, as well as delegate authority to staff. The planning director may approve minor deviations from the zoning ordinance but not increases in density or structure height or decreases in open space, landscaping or setbacks. Consultants heard no complaints voiced by builders about these processes.

Figure 14. Carlsbad, NM Zoning



B. Governmental Constraints

Affordable Housing Policy

Carlsbad currently has an Affordable Housing Plan and Affordable Housing Ordinance in place, which allows them to contribute to affordable housing projects. This plan and the accompanying ordinance will update the 2009 plan.

Regulatory Constraints

The City zoning ordinance includes districts that allow for higher densities and multifamily development. A constraint that could be re-evaluated is that multi-family housing is a conditional use in C-2, a potentially likely zone for higher density rental housing. This additional level of review extends the time it takes to secure approval of multifamily projects although may be important in protecting the public's health, safety and welfare. These protections might be addressed by specific requirements instead. In addition, allowing second units as an accessory use in single family zones could potentially expand rental housing options, provided there were sufficient area and access to infrastructure. Current single family zones prohibit accessory living quarters or guest quarters from being rented or used as separate residences. Second kitchens also are not allowed in accessory living quarters.

Other potential ways to eliminate unnecessary constraints and enable more efficient and less costly use of land could be by reducing street widths and, in the more rural areas, eliminating the requirement for curb and gutter.

C. Non-Governmental Constraints

Vacant lots in Carlsbad tend to be sprinkled throughout the city, rather than clustered together where builders could bring the costs down through economies of scale.

Environmental Characteristics and Hazards

The city has relatively flat terrain and some is subject to periodic flooding. During heavy rainfalls water still collects along Canal Street (the main street through town) despite the recent completion of a major storm water collection project. The Dark Canyon draining can still fill and flood some low lying areas in its vicinity and the Pecos River can flood the area around the lower Tansill Dam. Carlsbad continues to address these issues.

V. Goals, Policies and Quantifiable Objectives

A. Goals and Policies

The Greater Carlsbad Comprehensive Plan – Strategy 2020 contains general housing goals, which provided the original basis of the goals for the Housing Analysis and Strategic Plan. These have been updated for the 2015 housing plan. This section lays out several items:

- **Goals** are overarching statements detailing the ideal that Carlsbad hopes to achieve.
- **Policies** are approaches and general strategies necessary for achieving the goals.
- **Action steps** are specific strategies that must be completed by the City of Carlsbad in order to achieve the policies and goals of the plan. They may be viewed as a “to-do” checklist. The action steps are numbered, and are followed by a list of the policies and goals they support.

Strategic Plan Goal 1

The City of Carlsbad will offer a range of housing choices that meets the diverse needs of current and future residents. Housing will:

- *Be situated in appropriate locations with adequate infrastructure.*
- *Have appropriate densities.*
- *Be available to households of all income levels, and will include both affordable and market rate units.*
- *Include the development of new units as well as the redevelopment of existing units.*
- *Include rental and homeownership opportunities.*
- *Include opportunities for individuals with special needs.*

Policy 1.1. The City will continue to eliminate regulatory barriers to housing development where feasible and desirable.

Policy 1.2. The City supports and encourages infill development of vacant residential lots where adequate infrastructure and utility service is available.

Policy 1.3. The City supports the development of workforce, mixed income, and affordable housing. It will work to streamline the development process and subdivision approval and potentially directly participate in land acquisition and financing.

Policy 1.4. The City supports and encourages the development of homeless/transitional housing and housing for other special needs residents by nonprofit and private developer groups.

ACTION STEPS: CITY OF CARLSBAD

1.1	The City will continue to make foreclosed and donated lots available to local nonprofit developers for affordable housing.	Policy 1.2 Policy 1.3
1.2	The City will either apply or support efforts by private or nonprofit entities to apply for matching funds to conduct a workforce housing development feasibility study from the NMMFA.	Policy 1.3
1.3	The City will acquire land and make it available to a private or nonprofit partner interested in pursuing the Low Income Housing Tax Credit for mixed income/affordable rental units.	Policy 1.3 Policy 4.1
1.4	The City will initiate the process of developing a mixed income housing project, adhering to the Low Income Housing Tax Credit Program requirements, beginning by having a representative attend the MFA Qualified Allocation Plan (QAP) training.	Policy 1.3 Policy 4.1
1.5	The City will work with the appropriate nonprofit and private development groups to identify a favorable location for supportive housing units to serve the mentally-ill low income population.	Policy 1.4
1.6	The City will collaborate with developers to facilitate subdivision and planned unit development.	Policy 1.3
1.7	The City will continue to explore the option of working with or creating a housing authority to address affordable housing issues.	Policy 1.3

Strategic Plan Goal 2

The City will have adequate infrastructure capacity to accommodate infill within its current service area and to serve areas identified as suitable for the City's expansion.

Policy 2.1. The City will continue to assess and fund infrastructure improvements designed to increase capacity through its capital improvements program, bond issues, and other means.

Policy 2.2. The City will continue to address storm drainage issues within the City limits to make infill properties more developable.

ACTION STEPS: CITY OF CARLSBAD

2.1	The City will reevaluate existing long-range water and wastewater plans and update at least every 5 years.	Policy 2.1
2.2	The City will continue to research new funding sources, including federal stimulus programs.	Policy 2.1
2.3	The City will continue to offer its 15% infrastructure assistance program for qualified projects.	Policy 2.1
2.4	The City will complete infrastructure improvements currently underway.	Policy 1.2 Policy 2.2

Strategic Plan Goal 3

The city of Carlsbad will ensure that local housing protects the health, safety, and welfare of residents and their neighbors.

Policy 3.1. The City will use the tools provided by the legislature to eliminate conditions of blight, including designation of metropolitan redevelopment areas where appropriate.

Policy 3.2. Carlsbad will encourage the reversal and correction of blight by enforcing existing building and zoning codes, and other codes targeted to community health, safety and welfare.

Policy 3.3. Carlsbad will encourage the reversal and correction of blight by supporting the rehabilitation of housing by nonprofit groups and private contractors.

Policy 3.4. Carlsbad will encourage the reversal and correction of blight by removing structures that pose a threat to the health, safety, and welfare of their residents as allowed by their police powers. This effort will be paired with new construction programs through the NMMFA and other agencies to replace substandard structures with new infill housing.

ACTION STEPS: CITY OF CARLSBAD

3.1	The City will designate an area and create a plan for a Metropolitan Redevelopment Area.	Policy 3.1 Policy 4.1
3.2	The City will increase code enforcement activities as capacity allows.	Policy 3.2
3.3	The City will continue to fund demolition of substandard properties and condemnation of lots as appropriate, and offer these to the CCDC for redevelopment by the Construction Trades Program or for the placement of modular homes.	Policy 1.2 Policy 3.3 Policy 3.4

Strategic Plan Goal 4

Carlsbad will improve its capacity to engage in housing development activities, while also supporting capacity-building measures and improvements of local nonprofit and private housing development groups.

Policy 4.1. The City will support efforts that enhance Carlsbad’s competitive position for state-issued Low Income Housing Tax Credits and similar tax advantaged housing programs. Examples of City support include land acquisition and assembly and designation of redevelopment areas under the New Mexico Metropolitan Redevelopment Act.

Policy 4.2. The City will ensure that it has the staffing capacity to meet housing development needs.

Policy 4.3. The City and the County will cooperate with the private and nonprofit sectors to ensure an improved flow of information regarding the development process.

Policy 4.4. The City supports private and nonprofit housing development groups in their capacity-building activities and efforts to improve public awareness about housing programs and provision.

ACTION STEPS: CITY OF CARLSBAD

4.1	The City will adopt housing provision as an integral part of its community development program by making housing provision part of the City’s mission, and outlining its role in housing development, including financial assistance, land acquisition, staff assistance, and direct funding of projects.	Policy 4.1
4.2	The City will collaborate with Eddy County and area housing nonprofits (CCDC; Regional VI Housing Authority) to petition the NMMFA to establish Eddy County as a priority county for the Tax Credit program.	Policy 4.1
4.3	The City will continue to review its current personnel and ensure that staffing needs are sufficient to meet current code enforcement and permitting demand.	Policy 3.2 Policy 3.4 Policy 4.2
4.4	The City will complete needed website upgrades to improve the flow of information regarding the development and permitting process to developers and nonprofit groups.	Policy 4.3 Policy 4.4
4.5	The City will consider suggestions from private and nonprofit groups that could streamline the development process.	Policy 4.3
4.6	The City will work with local housing developers, lenders and nonprofit organizations to create a strategy for disseminating information about available programs for homebuyers and renters.	Policy 4.3 Policy 4.4

Strategic Plan Goal 5

Carlsbad will become a more attractive town, both in terms of physical appearance, services and available amenities, and thereby increase the likelihood of private investment and relocation of retirees and essential workers in the town.

Policy 5.1. Carlsbad will continue to initiate and complete community beautification and recreation projects, and support similar efforts by private and nonprofit groups.

Policy 5.2. Carlsbad will initiate and/or support private and nonprofit efforts to provide services for new and existing businesses, particularly restaurants, shops and entertainment opportunities in the downtown area.

ACTION STEPS: CITY OF CARLSBAD

5.1	The City will continue to collaborate with the MainStreet organization and support it as is needed and feasible.	Policy 5.1 Policy 5.2
5.2	The City will complete current beautification efforts that are underway, including sculptures and murals in public places.	Policy 5.1
5.3	The City will complete the construction of recreational amenities that are underway, including the consolidated senior center and multiuse trails.	Policy 5.1
5.4	The City will evaluate the feasibility of creating a beautification plan for Carlsbad, identifying areas, programs and funding for landscaping, trees, public art, community green spaces, parks and outdoor recreation areas.	Policy 5.1
5.5	The City will collaborate with and provide support as needed to private and nonprofit community clean-up efforts.	Policy 5.1
5.6	The City will support efforts by the Carlsbad Department of Development to provide resources and assistance to new and established businesses.	Policy 5.2

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VI. Appendices

Appendix A. Public Involvement

Appendix B. Employer Survey Results

Appendix C. Resources

Appendix A. Public Involvement

Interviews

The following stakeholders contributed information to the plan through one-on-one interviews.

County Assessor Office staff
Carlsbad Code Inspection staff
Lori Aho, realtor
Bart Frintz, home builder
Tess Gadbury, realtor
Sheryl Hester, Southeast NM CAC
Ken Thurston, home builder
Region VI Housing Authority
Shannon Summers, Carlsbad Department of Development
Daniel Werwath, Interfaith Housing
John Waters, Carlsbad Department of Development
Wanda Welch, realtor

Affordable Housing Stakeholder Committee

The following local stakeholders participated in an Affordable Housing Committee. A meeting was held with the committee on October 2014, and several members subsequently participated in telephone interviews. Committee members provided information about housing needs, reviewed report findings and discussed potential solutions. The following committee members participated in developing the plan:

Candace Autry
Yvonne Basabilvazo, former Carlsbad planner
Tom Fabian, Carlsbad Schools
Jennifer Florez, Carlsbad Medical Center
Bart Frintz, home builder
Tess Gadbury, ERA Montgomery
Jim Grantner
Rev. Geri Cunningham, Transitional Housing
John Gratton, President, NMSU Carlsbad???
Jeff Patterson, Carlsbad Planning, Engineering & Regulation Director
Emanuel Quintela, Bridge Outreach
Mark Shinnerer, CARC
Doug Tindall, Thurston Builders

Appendix B. Employer Survey Results

Carlsbad Area/ Eddy County Housing Survey—Final Analysis

Sites Southwest conducted surveys of Carlsbad area employers to identify housing needs and community housing concerns. The surveys were distributed and collected in March 2015, several months after the price of oil had dropped from about \$100 a barrel to close to \$40-\$50. Employer surveys were distributed to area businesses- by the Carlsbad Department of Development. A total of 36 employer surveys were completed. The surveys asked a number of questions about current housing conditions, affordability, availability and preferred options.

Employer Housing Survey

Thirty-five employers representing a range of business types and sizes responded to the survey. These businesses together had a total of 6,756 employees.

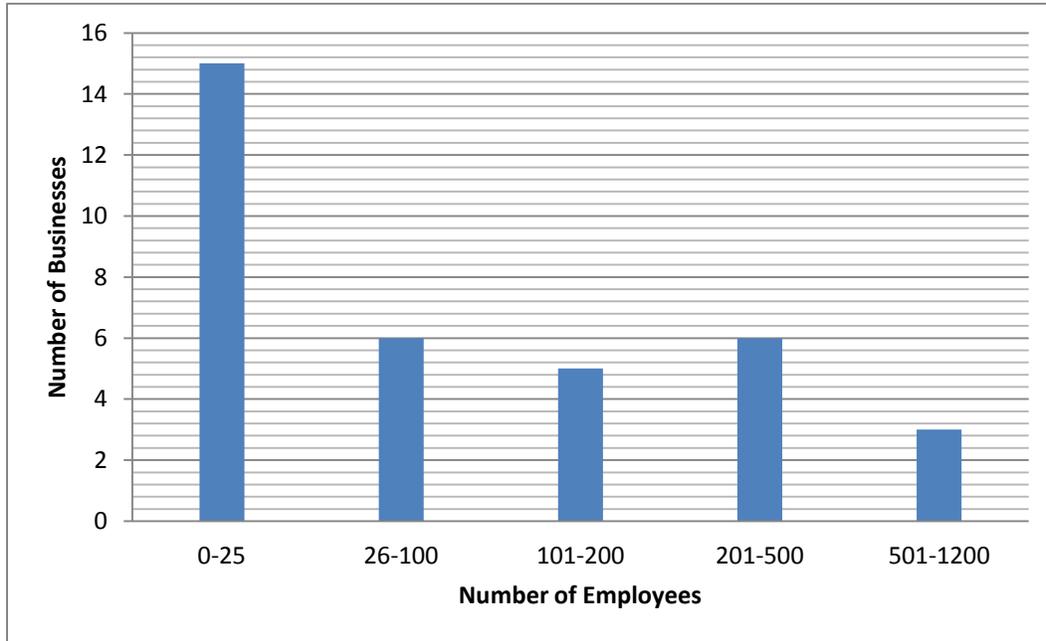
1. Type of business:

The employers who responded to the survey represent a variety of industry categories. The highest percentages—15 percent each—were in mining/oil and gas or part of the government. Another 12 percent were health care related. The rest were spread among construction/ trades, transportation/utilities, hotel/motel lodging, bar/restaurants, real estate/property management, banking/finance, business services, engineering/architecture and non-governmental social services. In the “other” category were education services, non-profits, and consulting services.

Business Type	Number of Responses	Percent
Mining/ oil & gas	5	14.7%
Transportation/Communication/Utilities	2	5.9%
Construction/Trades	1	2.9%
Services/Non-government	1	3.6%
Health Care Services	4	11.8%
Retail Trade/Sales	1	2.9%
Real Estate/ Property Management	1	2.9%
Hotels/Motels/Lodging	1	2.9%
Banking/Finance/Insurance	2	5.9%
Bar/Restaurant	2	5.9%
Government	5	14.7%
Services-Business Services	2	5.9%
Services- Engineering/Architecture	1	2.9%
Services-Social (non-government)	1	2.9%
Other (please specify)	6	17.6%
<i>Total Responses</i>	34	100%

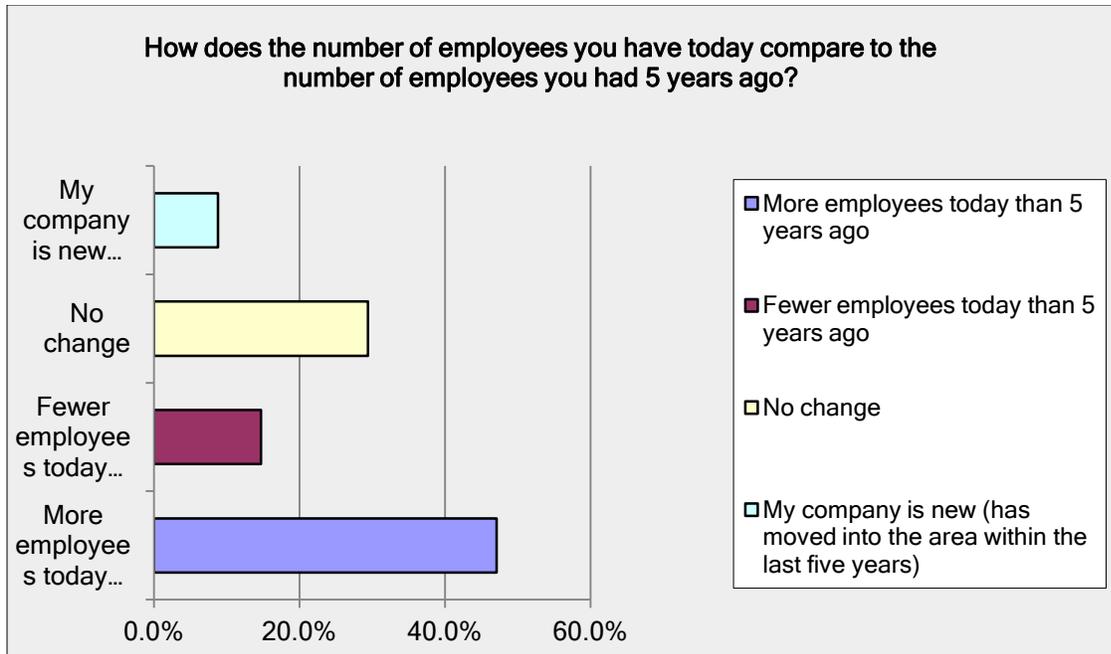
5. What is the current number of employees at your business location(s) in Eddy County only?

The businesses who responded to the survey ranged in size from two to 1,200 employees, with a median of 68 and an average of 180.



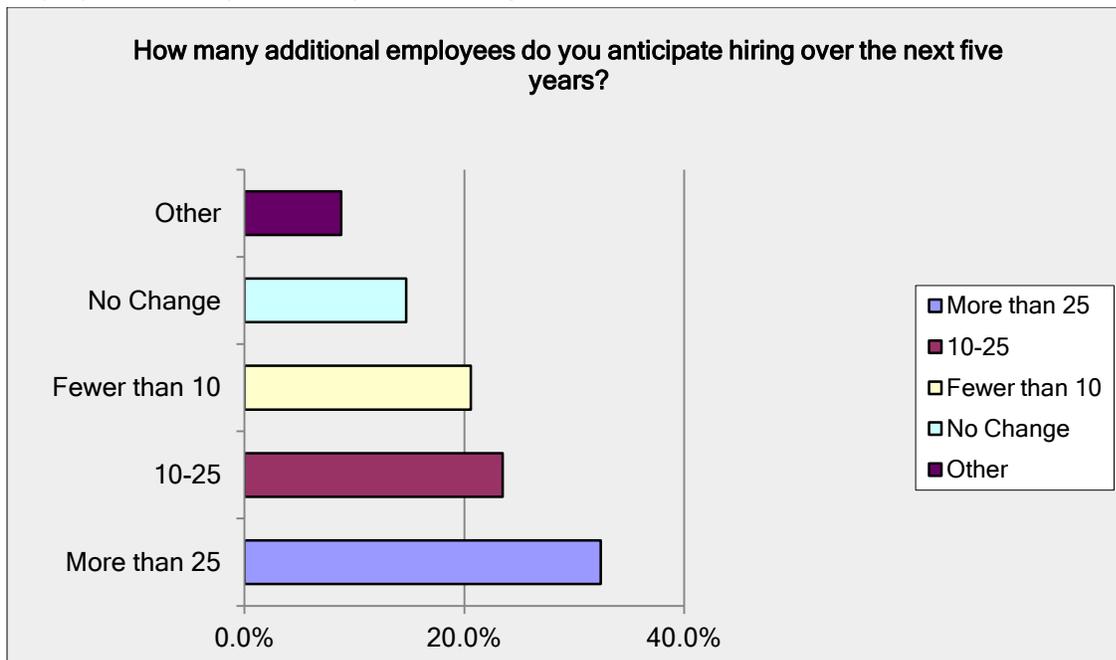
2. How does the number of employees you have today compare to the number of employees you had five years ago?

Respondents included existing and new businesses. Some 47 percent had more employees than they did five years ago, 29 percent experienced no change in number and 15 percent had fewer employees. The remainder, just 9 percent, had moved into the area within that time period.



3. How many additional employees do you anticipate hiring over the next five years?

Nearly a third of employers expect to hire more than 25 employees over the next five years and another quarter expect to hire between 10 and 25. Twenty-one percent anticipate hiring few than 10 additional employees and 15 percent expect no changes.



6. How many jobs at your company location in Eddy County are currently unfilled?

Some 77 percent of employers have full-time jobs available for a total of 502 unfilled positions. About 27 percent have part-time jobs available for a total of 66 unfilled positions.

7. Do you offer housing for any of your employees?

Nine of the employers offer housing for from one to 12 of their employees. Three explained that it was temporary housing until the new employees could find suitable accommodations. One employer provides five apartments and a house for this purpose.

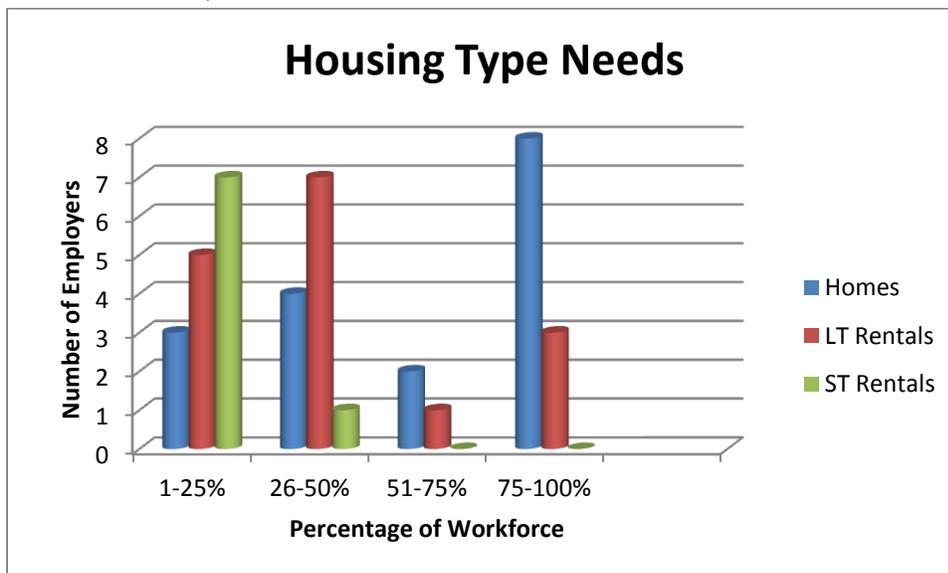
8. Please estimate the percent of your employees that live in the following geographic areas. The total should equal 100%.

By far the largest number of employees (2,842 or 81 percent) lives in Carlsbad and the surrounding area. About 10 percent live outside Eddy County in southeastern New Mexico, 7 percent live elsewhere in Eddy County and 6 percent live in other areas. The most often cited reason for living outside of Carlsbad and the surrounding area (62 percent) was “cannot find suitable housing.” The next most frequent reason (35%) was “family established elsewhere.” A few said their employment was temporary.

10. Please estimate the percentage of your employees that need the following housing types:

Half the respondents interpreted this question to refer to the immediate needs of employees. Of these 18 employers, 12 said a total of 470 employees needed long-terms rentals, and three said a total of 28 needed short-term rentals. All but two employers said from 1% to 25% of their employees needed homes to purchase.

Of those respondents who interpreted the question to mean their entire workforce, eight said from 76% to 100% of their employees needed homes to purchase, seven said 26% to 50% of their employees needed long-term rentals, and seven said from 1% to 25% needed short-term rentals. Those needing short-terms rentals tended to be employed in the oil and gas/mining industries, the retail and restaurant sectors, and the government. Those needing long-term rentals spanned all sectors, with particular concentration in restaurant, oil and gas and healthcare workers. Employees needing homes to purchase also were employed in all the sectors, but were more concentrated in government, higher education, healthcare, transportation and some retail.



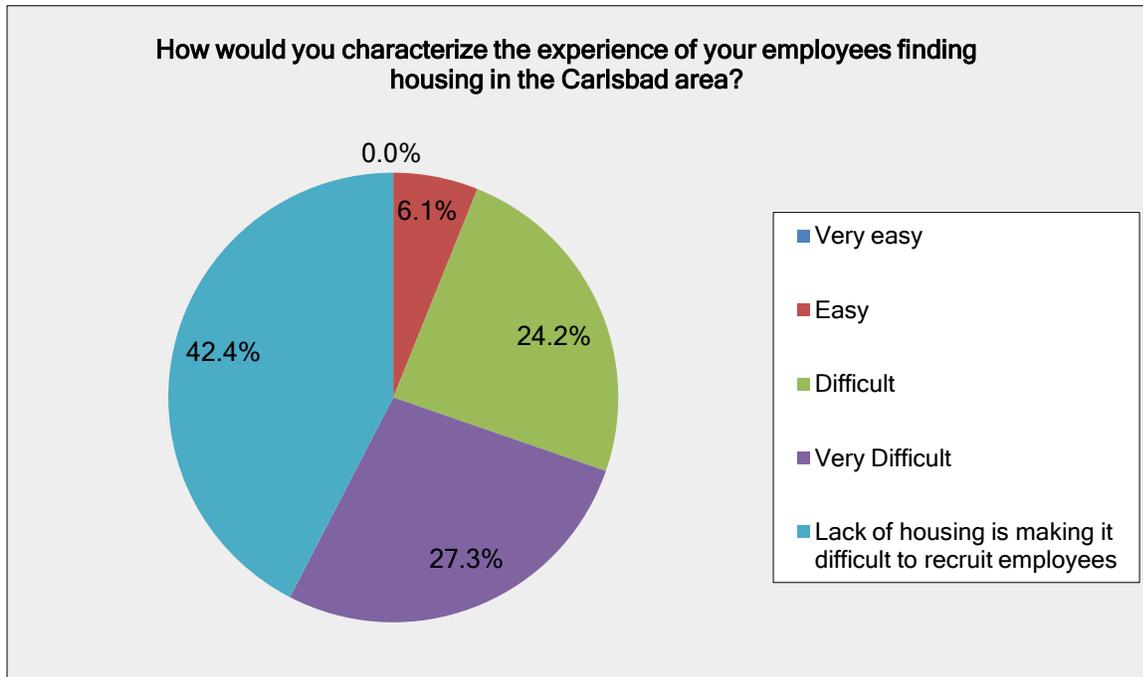
11. What rent ranges and housing prices would meet your employees’ needs? Indicate the percentage of your employees needing housing in each of the following categories.

According to employers, 36 employees currently need affordable rentals or homes (less than \$750 a month for a rental or \$105,000 for a house), 67 need workforce housing (rents less than \$1,200 a month for a rental or less than a \$147,000 house price). Some 13 employees could afford market rate rentals or houses if they were suitable and available.

While it varies by industry and type of job, in general workforces tend to be spread proportionally (about 33 % each) among the different categories. Those needing “affordable” housing tend to employees working in restaurants, motels/hotels, social services, the media and nonprofits. Those seeking “workforce” housing tend to be employed in higher education, mining, county and ? government agencies and financial institutions. Employees who can afford the market rate rents include employees in healthcare, the national labs, oil and gas industry, the federal government and business services.

12. How would you characterize the experience of your employees finding housing in the Carlsbad area?

More than half of respondents reported that it is difficult or very difficult for their employees to find housing in the Carlsbad area; only two considered this process “easy.” The most commonly cited reasons for the difficulties were that rental and for-sale housing is limited or unavailable and that the prices were too high— hallmarks of a market with more demand than supply.



Appendix C. Funding Resources

The following lists potential sources of federal, state and local financing and subsidies to support affordable housing in New Mexico. Resources are listed by type of housing and funding agency or source. Primary resources include USDA, HUD, FHA and the New Mexico Mortgage Finance Authority (NMMFA). The information is not all-inclusive, but it provides the City with information about the most commonly used housing resources for non-profit and public agency housing providers, housing developers, and individual homeowners and renters. Many of these programs are competitive, so it will be important for City officials and staff to understand how a package of multiple sources can be combined to accomplish the desired project. In addition, the City will likely partner with a non-profit or other housing developer that will take the lead on the project.

The resources listed below include those generally available to individuals, non-profit and for-profit housing developers and other organizations in rural communities in New Mexico. Specific organizations that serve Eddy County are noted where appropriate.

Resources for Non-Profit and Organizations and Public Agencies

Most capacity building resources are focused on nonprofit housing providers, although the NMMFA also works with public partners. In its Action Plan, the MFA commits to building capacity in the state to: provide decent housing; provide a suitable living environment; and expand economic opportunities for the state's low- and moderate-income residents. The MFA's capacity building programs as well as other capacity building resources include the following.

Community Housing Development Organization (CHDO) is a special status that a nonprofit or community based organization can obtain. This status can be provided by the Community Housing and Development (CHDO) department to organizations that provide and develop affordable housing. Through this status the nonprofit or community based organization has access to technical assistance, training, and networking opportunities. CHDO's are well suited to address affordable housing needs at the local level. Funding for certain CHDO activities is provided through the HOME program.

Other capacity-building resources for nonprofits that are eligible to receive assistance include:

Local Initiatives Support Coalition and Rural Local Initiatives Support Coalition (LISC) has helped nonprofit community development corporations acquire and preserve housing developments, build partnerships with housing authorities and other organizations, and advocate for government policies that can reduce the loss of affordable homes and apartments. LISC's Housing Authority Resource Center brokers relationships between local housing authorities, LISC local offices and other community developers to provide access to best practices, information and training.

The Institute for Community Economics (ICE) is a federally certified Institution that makes loans to create housing that is permanently affordable. ICE also provides technical assistance and training to community-based groups who seek to set up community land trusts. ICE's principal lending goes to

community land trusts, limited equity cooperatives, and community-based nonprofit organizations creating housing.

The Housing Counseling Assistance Program enables anyone who wants to (or already does) rent or own housing-whether through a HUD program, a Veterans Affairs program, other Federal programs, a State or local program, or the regular private market-to get the counseling they need to make their rent or mortgage payments and to be a responsible tenant or owner in other ways. The counseling is provided by HUD-approved housing counseling agencies. HUD provides support to a nationwide network of Housing Counseling Agencies (HCA) and counselors. HCA's are trained and approved to provide tools to current and prospective homeowners and renters so that they can make responsible choices to address their housing needs in light of their financial situations. Previous and current funding: FY2014 \$45 million, FY2015 \$47 million,

USDA Rural Development Housing Application Packaging Grants provide government funds to tax-exempt public agencies and private non-profit organizations to package applications for submission to Housing and Community Facilities Programs.

USDA Self-Help Technical Assistance Grants provide financial assistance to qualified nonprofit organizations and public bodies that will aid needy very low and low-income individuals and their families to build homes in rural areas by the self help method. Any State, political subdivision, private or public nonprofit corporation is eligible to apply.

Resources for Homeless and Special Needs

HUD Emergency Solutions Grant (ESG) Program is a federal grant program designed to help improve the quality of existing emergency shelters for the homeless, to make available additional shelters, to meet the costs of operating shelters, to provide essential social services to homeless individuals, and to help prevent homelessness. The ESG program is designed to be the first step in a continuum of assistance to prevent homelessness and to enable homeless individuals and families to move toward independent living. The three programs are the Supportive Housing Program (SHP), Shelter Plus Care (SPC) program, and Section 8 Single Room Occupancy (SRO) program. These are all competitive grants that require the development of a Continuum of Care system in the community where assistance is being sought.

HUD Supportive Housing Program (SHP) is designed to promote, as part of a local Continuum of Care strategy, the development of supportive housing and supportive services to assist homeless persons in the transition from homelessness and to enable them to live as independently as possible. The program is provided to help homeless persons meet three overall goals: to help homeless people achieve residential stability, increase their skills and/or incomes, and obtain greater self-determination (i.e. more influence over decisions that affect their lives).

The HUD Shelter Plus Care Program is designed to provide housing and supportive services on a long-term basis for homeless persons with disabilities, (primarily those with serious mental illness, chronic

problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are living in places not intended for human habitation (e.g., streets) or in emergency shelters. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities. Funds must be matched with in-kind funding to be used for supportive services. Assistance is provided through four component programs: Tenant-based, Sponsor-based, Project-based, and Single Room Occupancy Rental Assistance.

HUD Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program – Under the SRO program, HUD enters into Annual Contributions Contracts with public housing agencies (PHAs) in connection with the moderate rehabilitation of residential properties that, when rehabilitation is completed, will contain multiple single room dwelling units. These PHAs make Section 8 rental assistance payments to participating owners (i.e., landlords) on behalf of homeless individuals who rent the rehabilitated dwellings. Assistance provided under the SRO program is designed to bring more standard SRO units into the local housing supply and to use those units to assist homeless persons. The SRO units might be in a rundown hotel, a Y, an old school, or even in a large abandoned home.

The MFA Emergency Homeless Assistance Program (EHA: ESG and State funding) provides assistance to units of local government or nonprofit organizations to improve the quality of existing emergency shelters and to help meet the costs of operating emergency shelters. Organizations may apply for EHA: ESG & State funding through a competitive RFP process. Funding may be used for acquisition, renovation, repair, rehabilitation, conversion, essential or supportive services, operating expenses, prevention activities associated with providing shelter or services to homeless individuals. Intended to supplement the ESG Program; applicants are not eligible to apply for both.

HUD Housing Opportunities for Persons with AIDS (HOPWA) provides housing assistance and related supportive services to low-income people and their families living with HIV/AIDS. The objective of the funding is to maintain housing stability, avoid homelessness, and improve access to HIV/AIDS treatment and care. States, cities, local governments and nonprofit organizations may apply for HOPWA Competitive funding. Previous Funding: FY2013 \$315, FY2014 \$330, FY2015 \$332

HUD Section 811 provides funding to nonprofit organizations to develop rental housing with the availability of supportive services for very low-income adults with disabilities. The newly reformed Section 811 program is authorized to operate in two ways: (1) the traditional way, by providing interest-free capital advances and operating subsidies to nonprofit developers of affordable housing for persons with disabilities; and (2) providing project rental assistance to state housing agencies. The assistance to the state housing agencies can be applied to new or existing multifamily housing complexes funded through different sources, such as Federal Low-Income Housing Tax Credits, Federal HOME funds, and other state, Federal, and local programs. In FY 2012, no funding was appropriated for traditional 811 capital advances. Previous funding: FY2013 \$156 Million, FY2014 \$126 Million, FY2015 \$160 Millions

HUD Section 202 provides capital advances to private nonprofit organizations (public entities are not eligible) to finance the development of supportive housing for the elderly. The capital advance does not have to be repaid as long as the project serves very low-income elderly persons for 40 years. Project rental assistance funds are provided to cover the difference between the HUD-approved operating cost for the project and the tenants' contribution towards rent. Project rental assistance contracts are approved initially for 3 years and are renewable based on the availability of funds. Applicants must submit a resolution that they will provide a minimum capital investment equal to 0.5 percent of the HUD-approved capital advance, up to a maximum of \$25,000 for national sponsors or \$10,000 for other sponsors. Previous Funding: FY 2013 \$355, FY 2014 \$384 million, FY 2015 \$440 million

HUD Section 231 falls under the multifamily programs that HUD provides. Other Multifamily Programs include:

- *Manufactured Housing – Section 207* a program that assists with construction or rehabilitation
- *Cooperative Housing – Section 213* a program that facilitates the construction, rehabilitation and purchase of cooperative housing projects.
- *Rental Housing for Urban and Concentrated Development areas – Section 220* a program that facilitates the development of multifamily housing projects.
- *Rental and Cooperative Housing 221(d)(4)* a program that facilitates the construction and rehabilitation of cooperative housing developments, targeting moderate-income and displaced families.
- *Existing Multifamily Rental Housing – Sections 207/223(F)* a program that facilitates the purchase or refinancing of existing multifamily rental developments.
- *Risk-Sharing Program – Qualified Participating Entities (QPE) – Section 542(b)* a program that of manufactured homes, insures mortgage loans to facilitate the construction and substantial rehabilitation of multifamily rental housing for elderly persons (62 or older) and/or persons with disabilities. Insured mortgages may be used to finance the construction and substantial rehabilitation of detached, semidetached, walk-up, or elevator type rental housing designed specifically for elderly or handicapped individuals consisting of eight or more dwelling units. For nonprofit sponsors, the maximum loan amount is 100 percent of the estimated replacement cost of the building (or 100 percent of project value for rehabilitation projects). For all other sponsors, the maximum loan is 90 percent of the replacement cost (or 90 percent of project value for rehabilitation projects).
- *Housing Finance Agency Risk-Sharing – Section 524(c)* a program that provides credit enhancement for mortgages of multifamily projects with loans underwritten and serviced by HFAs.

Community Services Block Grants is a formula Service and Block Grant (CSBG) from the U.S. Department of Health and Human Services (HHS). The CSBG grants provide emergency funds to help with mortgage and utility payments and prevent homelessness. The Community Action Agency of Southern New Mexico (CAASN) administers block grants in Eddy County.

USDA Technical and Supervisory Assistance Grants assist low-income rural families in obtaining adequate housing to meet their family's needs and/or to provide the necessary guidance to promote

their continued occupancy of already adequate housing. These objectives will be accomplished through the establishment or support of housing delivery and counseling projects run by eligible applicants.

USDA Farm Labor Housing Loans and Grants provide capital financing for the development of housing for domestic farm laborers.

Resources for Rental Housing

HUD Section 8 Housing Choice Vouchers The housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments. The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects. Housing choice vouchers are administered locally by public housing agencies (PHAs).

Project-Based Section 8 Vouchers – Project-based vouchers are a component of a public housing agencies (PHAs) housing choice voucher program. A PHA can attach up to 20 percent of its voucher assistance to specific housing units if the owner agrees to either rehabilitate or construct the units, or the owner agrees to set-aside a portion of the units in an existing development.

Mortgage Insurance for Single Room Occupancy Projects (SRO): Section 221(d)(3) and 221(d)(4) insures mortgage loans for multifamily properties consisting of single-room occupancy (SRO) apartments. There are no Federal rental subsidies involved with this SRO program. It is aimed at those tenants who have a source of income but are priced out of the rental apartment market. SRO projects generally require assistance from local governing bodies or charitable organizations in order to reduce the rents to affordable levels. Although SRO housing is intended for very low-income persons, the program does not impose income limits for admission.

Local Initiatives Support Coalition (LISC) Affordable Housing Preservation Initiative preserves affordable rental apartments that are in jeopardy because of expiring federal subsidies, and promotes preservation-oriented public policies. LISC helps nonprofit community development corporations acquire and preserve housing developments, build partnerships with housing authorities and other organizations, and advocate for government policies that can reduce the loss of affordable homes and apartments. Through its Housing Authority Resource Center, LISC assists local housing authorities identify financing structures that will leverage public resources with private investment as well as direct project financing such as predevelopment loans, bridge lending, lines of credit, working capital, and tax credit equity.

USDA Rural Development Multi-Family Housing Programs offer Rural Rental Housing Loans to provide affordable multi-family rental housing for very low-, low-, and moderate-income families; the elderly;

and persons with disabilities. This is primarily a direct mortgage program, but funds may also be used to buy and improve land and to provide necessary facilities such as water and waste disposal systems. In addition, deep subsidy rental assistance is available to eligible families.

USDA Rural Rental Housing Program is adaptable for participation by a wide variety of owners. Loans can be made to individuals, trusts, associations, partnerships, limited partnerships, State or local public agencies, consumer cooperatives, and profit or nonprofit corporations.

USDA Guaranteed Rental Housing Programs guarantee loans under the Rural Rental Housing Guaranteed loan program for development of multi-family housing facilities in rural areas of the United States. Loan guarantees are provided for the construction, acquisition, or rehabilitation of rural multi-family housing.

USDA Rental Assistance (RA) Program provides an additional source of support for households with incomes too low to pay the HCFP subsidized (basic) rent from their own resources.

USDA Multi-Family Housing Preservation and Revitalization (MPR) Loans and Grants restructure Rural Rental Housing loans and Off-Farm Labor Housing loans and provide grants to revitalize Multi-Family Housing projects in order to extend the affordable use of these projects without displacing tenants due to increased rents.

Resources for Homebuyers

Several programs are available through the New Mexico Mortgage Finance Authority (NMMFA) to help low to moderate income homebuyers. The following NMMFA programs could benefit Bernalillo families:

Helping Hand – Up to \$8,000 down payment and closing cost assistance to first-time homebuyers with at least one family member that has a disability. This is a soft second loan that does not need to be paid back until the property is sold, refinanced, or transferred, and it is assumable if the buyer meets program eligibility requirements. The loan may be forgiven after 10 years. This program is targeted toward households earning 80% or less than AMI, adjusted for family size.

Mortgage Booster – A fixed-rate second mortgage that is used in conjunction with either a MortgageSaver or MortgageSaver Zero first mortgage. Mortgage Booster features a 30-year term and a maximum loan amount of \$8,000. Mortgage Booster is priced .5 percent higher than MortgageSaver's interest rate.

MortgageSaver – 30-year fixed-rate loans for low to moderate income buyers; available at below-market rates, with a one percent discount and one percent origination fee.

MortgageSaver Zero – Thirty-year fixed-rate mortgage loans priced with 0 percent discount and 0 percent origination fee for low- to moderate-income first-time homebuyers.

MortgageSaver Plus – 30-year fixed rate mortgage that includes a 3.5% grant to offset downpayment and closing costs for low to moderate income first time buyers. The interest rate is slightly higher than MortgageSaver or MortgageSaver Zero, but there is no origination fee or discount fee.

MortgageSaver Xtra features a deeply discounted interest rate for very low-income borrowers who are at or below 50 percent of the area median income.

PaymentSaver Program – A loan that provides the lesser of eight percent of the sale price of the home or \$8,000 for a down payment, closing costs, principal reduction and/or interest rate buy-down for lower income buyers who have not owned and occupied a primary residence for the past three years. This is a zero percent second mortgage loan due on sale, transfer or refinance, which may be forgiven after 10 years.

PaymentSaver SmartChoice Program – a soft second mortgage that borrower with a Section 8 Housing Boucher can use, with a loan amount of up to \$15,000. This loan has a 0 percent interest rate, and is paid back when the property is sold, refinanced or transferred.

Mortgage Booster Program – this program provides down payment and closing cost assistance, in the form of a second mortgage, to borrowers who qualify for the MortgageSaver loan. The maximum loan amount is \$8,000. These are repaid over 30 years.

HERO program – a special MFA first mortgage loan that includes a 3.5 percent down payment assistance grant to low- to moderate-income households in which at least one member is a teacher, police officer, healthcare worker, firefighter or an active member of the Armed Forces.

Individual Development Account (IDA) is a program that partners local non-profit organizations and financial institutions to encourage participants to save toward the purchase of a first home through a matching grant incentive. The local non-profit, the IDA program sponsor, recruits participants for the IDA program, provides financial education classes, and may also provide one-on-one counseling and training to participants. After signing up for an IDA program, each participant opens up an account with the partnering bank or credit union. Each deposit made by the participant is matched from a source of grant funding. The participant is allowed to withdraw funds when they have achieved their savings goal. Prosperity Works partners with local organizations in New Mexico to teach them how to develop and offer effective IDA programs. Southwest Regional Housing and Community Development Corporation and CAASNM are partners in the New Mexico Assets Consortium. HELP-New Mexico in Las Cruces, which provides Emergency Assistance for low income adults and migrant and seasonal farmworkers, is also a partner.

HUD's Federal Housing Administration (**FHA Section 203(b) mortgage insurance**) insures loans made to creditworthy borrowers who may not qualify for conventional mortgages on affordable terms. The downpayment requirements can be as little as 3.5% and some fees are limited. Mortgage insurance is

available for one- to four-unit residences where the property is the owner's primary residence. The program has mortgage maximums, which vary depending on number of units.

HUD's **Energy Efficient Mortgage (EEM)** allows homeowners to finance energy efficiency features in new or existing housing as part of their FHA insured home purchase or refinancing mortgage. Home must be the owner's principal residence. The borrower doesn't have to qualify for the higher cost and doesn't make a downpayment on it. This can also be used with the FHA Section 203(k) rehabilitation program or HUD's Title I Home Improvement Loan Program.

HUD's Graduated Payment Mortgage Insurance (Section 245(a)) enables a household with a limited income that is expected to increase to buy a home sooner by making mortgage payments that start small and increase gradually over time. All FHA-approved lenders may make GPMs available to persons who intend to use the mortgage property as their primary residence and who expect to see their income rise appreciably in the future.

The **Federal Home Loan Bank Mortgage Partnership Finance® Program** combines the retail expertise of community lenders with the wholesale funding advantages of the FHLBanks, resulting in an efficient method of financing mortgage loans. Mortgage lenders can continue to manage all aspects of their customer relationships and depending on the MPF product chosen, lenders may be paid credit enhancement fees for managing the credit risk of the loans they originate and sell.

The USDA Rural Development office in Roswell services Eddy County, providing assistance to individuals, communities and others related to USDA's programs for rural areas. These programs include home loans and grants. USDA funding extends to single family homes, apartments for low-income people and the elderly, farm laborer housing, and a wide range of community facilities. Local lenders provide USDA loans.

The USDA provides direct loans of up to \$160,900 for low (50% - 80% AMI) and very low (below 50% AMI) income households, with a maximum income of \$45,850 for a family of four. Payment subsidy is available to applicants to enhance repayment ability. USDA Rural Development guaranteed housing loans are geared to families with incomes of up to 115% of AMI. In Eddy County the moderate income For both programs, families must be without adequate housing, but be able to afford the mortgage payments, including taxes and insurance. In addition, applicants must have reasonable credit histories.

USDA Rural Development Single Family Housing Loans and Grants provide homeownership opportunities to low- and moderate-income rural Americans through several loan, grant, and loan guarantee programs. The programs also make funding available to individuals to finance vital improvements necessary to make their homes decent, safe, and sanitary.

USDA Section 502 Rural Housing Direct Loans are primarily used to help low-income individuals or households purchase homes in rural areas. Funds can be used to acquire, build (including funds to

purchase and prepare sites and to provide water and sewage facilities), repair, renovate or relocate a home.

USDA Rural Housing Guaranteed Loans are for applicants who have an income of up to 115% of the median income for the area. Families must be without adequate housing, but be able to afford the mortgage payments, including taxes and insurance. In addition, applicants must have reasonable credit histories.

USDA Section 502 Mutual Self-Help Housing Loan Program is used primarily to help very low- and low-income households construct their own homes.

USDA Guaranteed Loan Refinance PILOT Program helps rural borrowers refinance their mortgages to reduce their monthly payments. The Single Family Housing Guaranteed Rural Refinance Pilot Program operates in 19 states for homeowners who have loans that were made or guaranteed by USDA Rural Development.

Resources for Housing Development

HUD/FHA and the New Mexico Mortgage Finance Authority provide several types of financing and mortgage insurance programs for single family and multi-family development. They include:

The Low Income Housing Tax Credit Program (LIHTC) provides federal income tax credits to individuals or organizations that develop affordable housing through either new construction or acquisition and rehabilitation. The tax credits provide a dollar for dollar reduction in the developer's tax liability for a ten year period. Tax credits can also be used by nonprofit or public developers to attract investment to an affordable housing project by syndicating, or selling, the tax credit to investors. In order to receive tax credits a developer must set-aside and rent restrict a number of units for occupancy by households below 60% of area median income. These units must remain affordable for a minimum of 30 years. This program is a resource provided by the Internal Revenue Service. In addition to tax credits, the financing "gap" for certain LIHTC projects may be filled with a below market rate HOME loan. Tax credits and rental HOME loans are awarded annually through a competitive application process according to the state's Qualified Allocation Plan.

The New Mexico State Affordable Housing Tax Credit (Rental) provides charitable state tax credit for up to 50% of the value of donations (cash, land, buildings or services) for affordable housing projects approved by the MFA, or for donations made directly to the NM Affordable Housing Charitable Trust.

FHA Mortgage Insurance for Rental Housing: Section 207. Section 207 mortgage insurance is however, the primary insurance vehicle for the Section 223(f) refinancing program described below. A project is eligible for mortgage insurance if the sponsor can demonstrate that there is a definite market demand, that the project is economically self-sufficient, and that financing is secure. The program has statutory per unit mortgage limits, which vary according to the size of the unit, the type of structure, and the location of the project. There are also loan-to-value and debt service limitations. The mortgage is limited

to 90 percent of HUD appraised value. Eligible mortgagors include investors, builders, developers, and others who meet HUD requirements for mortgagors. All families are eligible to occupy dwellings in a structure whose mortgage is insured under this program, subject to normal tenant selections.

FHA Mortgage Insurance for Manufactured Home Parks: Section 207. The Section 207 Program insures mortgage loans to facilitate the construction or substantial rehabilitation of multifamily manufactured home parks. Section 207 promotes the creation of manufactured home communities by increasing the availability of affordable financing and mortgages. The program insures HUD-approved lenders against loss on mortgage defaults. Insured mortgages may be used to finance the construction or rehabilitation of manufactured home parks. Home parks must consist of 5 or more spaces. Contractors for new construction and substantial rehabilitation projects must comply with prevailing wage requirements under the Davis-Bacon Act. Eligible mortgagors include investors, builders, developers and others who meet HUD requirements for mortgagors. Eligible Customers include families, individuals, or elderly persons owning manufactured homes or desiring to lease spaces in a manufactured park.

FHA Section 207/223(f) insures mortgage loans to facilitate the purchase or refinancing of existing multifamily rental housing. These projects may have been financed originally with conventional or FHA insured mortgages. Properties requiring substantial rehabilitation are not eligible for mortgage insurance under this program. The program allows for long-term mortgages (up to 35 years) that can be financed with Government National Mortgage Association (GNMA) Mortgage-Backed Securities. This eligibility for purchase in the secondary mortgage market improves the availability of loan funds and permits more favorable interest rates. The property must contain at least 5 residential units with complete kitchens and baths and have been completed or substantially rehabilitated for at least 3 years prior to the date of the application for mortgage insurance. The program allows for non-critical repairs that must be completed within 12 months of loan closing. The remaining economic life of the project must be long enough to permit a ten-year mortgage. The mortgage term cannot exceed 35 years or 75 percent of the estimated life of the physical improvements, whichever is less. Davis Bacon prevailing wage requirements do not apply to this program.

The FHA Section 221(d)(3) and 221(d)(4) program insures mortgage loans for multifamily properties consisting of single-room occupancy (SRO) apartments. There are no Federal rental subsidies involved with this SRO program. It is aimed at those tenants who have a source of income but are priced out of the rental apartment market. SRO projects generally require assistance from local governing bodies or charitable organizations in order to reduce the rents to affordable levels. Although SRO housing is intended for very low-income persons, the program does not impose income limits for admission.

The BUILD IT! Loan Guaranty Program was created to encourage other lenders to provide interim financing for “high risk” or unconventional projects when they might not otherwise do so – for “high risk” or unconventional projects, unfamiliar types of borrowers or unfamiliar markets. The program offers MFA guaranties of up to 50% of the risk of loss in the underlying loan. BUILD IT! Loan guaranties can be used for owner-occupied or rental developments or special needs facilities. Sites must be

responsive to demonstrated community needs, and zoning must be pending or completed. Commitments for matching contributions from other public sector entities, equal to 10% of the total development costs, must be in place. Finally, at least 40% of the units in the development must be affordable to households earning no more than eighty percent of adjusted area median income.

The NM Housing Trust Fund provides flexible funding for housing initiatives that will provide affordable housing primarily for persons or households of low or moderate income. Non-profit organizations, for-profit organizations, governmental housing agencies, regional housing authorities, governmental entities, governmental instrumentalities, tribal governments, tribal housing agencies and other entities as outlined in the Notice of Funding Availability (NOFA). Costs of infrastructure, construction, acquisition, and rehabilitation necessary to support affordable single family or rental housing as outlined in the NOFA. MFA mortgage may be in first or junior lien position on the property. Rental projects must serve households earning 60% or less of AMI.

The MFA Primero Loan Program is a flexible, low cost loan program created to finance the development of affordable rental or special needs residential facilities in New Mexico that would be considered "high risk" by traditional lenders. Its goal is to leverage other public and private funds, and to expand the housing development capacity of New Mexico's nonprofit, tribal and public agency housing providers. The program can be used to finance all types of projects that cannot be accommodated by existing sources. Funding may be approved for specific housing developments, or for programs to be operated by agencies to meet local housing needs. Rental, owner occupied and special needs projects of any size maybe financed under this program, during any stage of the development process. New construction, conversion, and acquisition/rehabilitation projects may be financed.

The HOME/Single Family Development Program provides partial or "gap" financing to nonprofit and for-profit developers, public and tribal entities, and CHDOs for the construction, acquisition and rehabilitation of single family homes throughout New Mexico. Units financed with HOME funds must be affordable to households earning no more than 80% of the area median income adjusted for family size. HOME/SFD provides junior mortgages with below-market interest rates, and other advantageous loan terms tailored to the needs of the projects. HOME funds may be used in combination with other down payment and closing cost assistance programs. However, all HOME subsidies combined cannot exceed \$30,000 per unit. Homes must meet the Model Energy code, accessibility requirements under the Fair Housing Act, and local building codes.

The HOME/Rental Loan Program provides gap financing for a variety of affordable and special needs housing projects throughout the state of New Mexico. As gap financing, HOME funds are typically the last dollars committed to a project and are used in combination with other housing resources such as MFA's Tax Credit and 542(c) loan programs. MFA's HOME funds can be awarded as gap financing for projects that qualify for the Housing Tax Credit program. The maximum amount is \$20,000 per unit with a maximum of \$600,000 per project.

542(c) FHA-Insured Multifamily Loan Program provides construction and permanent loans for affordable rental developments, including new construction, substantial rehabilitation, refinancing or acquisition of projects having no less than five units per site. Structures may be detached, semi-detached, row houses or multi-family structures. Single asset mortgagors, including nonprofit organizations, for-profit corporations, joint ventures, limited liability companies, and partnerships are eligible borrowers.

Access Loans provide federally insured construction and permanent financing for small-scale affordable housing projects throughout New Mexico. This program is designed to minimize transaction and due diligence costs and expedite processing for small projects. Eligible projects include new construction, substantial rehabilitation, refinancing or acquisition of projects having no less than five units per site. Detached, semi-detached, row houses or multifamily structures are eligible. Eligible borrowers may be single asset mortgagors, including nonprofit organizations, for-profit corporations, joint ventures, limited liability companies, and partnerships.

MFA Tax Exempt Bond Financing for Affordable Rental Housing – MFA will provide bond financing for multifamily housing developments through the following mechanisms:

- Using Private Activity Bond Volume Cap (PABVC) multifamily project allocations from the State Board of Finance ("SBOF") for new tax exempt bond issues;
- Refunding outstanding bond issues; or
- Issuing new 501(c)(3) bonds.

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This makes it one of the most potent and important public investment tools that HUD offers to local governments. It allows them to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue larger renewal projects. Local governments borrowing funds guaranteed by Section 108 must pledge their current and future CDBG allocations to cover the loan amount as security for the loan. Loan commitments are often paired with **Economic Development Initiative (EDI)** or **Brownfield Economic Development Initiative (BEDI)** grants, which can be used to pay predevelopment costs of a Section 108-funded project. They can also be used as a loan loss reserve (in lieu of CDBG funds), to write-down interest rates, or to establish a debt service reserve. Eligible applicants include non-entitlement communities that are assisted in the submission of applications by the state.

The Federal Home Loan Banks' Affordable Housing Program (AHP) is funded with 10% of the Federal Home Loan Banks' net income each year. The AHP allows for funds to be used in combination with other programs and funding sources, like the Low-Income Housing Tax Credit. These projects serve a wide range of neighborhood needs: many are designed for seniors, the disabled, homeless families, first-time homeowners and others with limited resources. More than 776,000 housing units have been built using AHP funds, including 475,000 units for very low-income households. The Federal Home Loan Bank System is the largest single funding provider to Habitat for Humanity.

The HUD Self-Help Homeownership Program (SHOP) is a competitive grant program to national and regional nonprofit organizations and consortia that have experience in providing or facilitating self-help housing opportunities. Grants are to be used by the grantee or its affiliates for eligible expenses in connection with developing non-luxury housing for low-income families and persons who otherwise would be unable to purchase a house. Eligible expenses are limited to land acquisition (including financing and closing costs), infrastructure improvements (installing, extending, constructing, rehabilitating, or otherwise improving utilities and other infrastructure), and administrative costs (up to 20 percent of the grant amount). Homebuyers must contribute a significant amount of sweat equity toward the construction of their homes.

The Enterprise Community Loan Fund offers flexible, innovative loan products to help make it possible for developers and nonprofit organizations to create sustainable, affordable housing and community facilities. Loan products include predevelopment loans; building or land acquisition loans, predevelopment costs and critical repairs; mini-permanent loans for the operating buildings, predevelopment costs and critical repairs; and construction and bridge loans.

Other Enterprise Programs – Enterprise offers a variety of financing for housing project that meet specific objectives, including green development, transit oriented development, supportive housing, and others. Products include LIHTC and New Markets Tax Credit Equity, multifamily mortgage finance, predevelopment and acquisition loans and technical assistance. Enterprise often works through local partner organizations to accomplish their goals. Enterprise’s Santa Fe office is a resource in New Mexico.

USDA Rural Housing Site Loans are made to provide financing for the purchase and development of housing sites for low- and moderate-income families.

Resources for Rehabilitation and Homeowner Support

The New Mexico EnergySmart Weatherization Assistance program is administered through the New Mexico Mortgage Finance Authority. Federal, state and utility funds are used for the program. Weatherization services are performed by four non-profit providers located throughout the state. Households with incomes at or below 150 percent of the national poverty level are eligible for the program. Southwestern Regional Housing and CDC in Deming provides EnergySmart weatherization services in southern New Mexico. SRHCDC has an office in Las Cruces.

MFA HOME Investment Partnership Program provides assistance to low-income homeowners who lack the resources to make necessary repairs to their homes. Assistance can be used for reimbursement of costs for rehabilitation, which includes the following: applicable codes, standards or ordinances, rehabilitation standards, essential improvements, energy-related improvements, lead-based paint hazard reduction, accessibility for disabled persons, repair or replacement of major housing systems, incipient repairs and general property improvements of a non-luxury nature, site improvements and utility connections. MFA relies on nonprofits, housing authorities, and local governments to administer the homeowner rehabilitation program. Funds are awarded through a competitive RFP process. The

Tierra del Sol Housing Corporation is a rehab sub-grantee that currently administers owner-occupied HOME Rehabilitation program for Eddy County.

HUD - Rehabilitation Mortgage Insurance (Section 203(k)). Section 203(k) insurance enables homebuyers and homeowners to finance the purchase (or refinancing) of a house and the cost of its rehabilitation through a single mortgage or to finance the rehabilitation of their existing home. The program insures a single, long term, fixed or adjustable rate loan that covers both the acquisition and rehabilitation of a property. The home must be at least a year old, requiring rehabilitation of at least \$5,000, but the total value of the property must still fall within the FHA mortgage limit for the area. Eligible repairs may range from relatively minor to virtual reconstruction: a home that has been demolished or will be razed as part of rehabilitation is eligible, for example, provided that the existing foundation system remains in place. HUD requires that properties financed under this program meet certain basic energy efficiency and structural standards.

USDA Rural Repair and Rehabilitation Loan and Grant Program provides loans and grants to very low-income homeowners to repair, improve, or modernize their dwellings or to remove health and safety hazards. Rural Housing Repair and Rehabilitation Grants are funded directly by the Government. Grants are available for homeowners who are 62 or older and cannot repay a loan. Funds may only be used for repairs or improvements to remove health and safety hazards, or to complete repairs to make the dwelling accessible for household members with disabilities. Loans of up to \$20,000 and grants of up to \$7,500 are available. The interest on loans is 1%. Loans and grants can be combined.

USDA Housing Preservation Grants Program provides grants to sponsoring organizations for the repair or rehabilitation of low- and very low-income housing.

Other Programs

HUD 255 Home Equity Conversion Mortgage Program (HECM) – Reverse mortgages are increasing in popularity with seniors (homeowners 62 or holder) who have equity in their homes and want to supplement their income. The only reverse mortgage insured by the U.S. Federal Government is called a Home Equity Conversion Mortgage or HECM, and is only available through an FHA approved lender. The HECM enables seniors to withdraw some of the equity in their home as a fixed monthly amount or a line of credit or a combination of both. The HECM can be used to purchase a primary residence if the owner is able to use cash on hand to pay the difference between the HECM proceeds and the sales price plus closing costs for the property being purchased. The property owner must own the property outright or have paid down a considerable amount, occupy the property as a principal residence, not be delinquent on any federal debt and participate in a consumer information session given by a HUD-approved counselor. Single family homes, 2-4 unit homes with one unit occupied by the borrower, and manufactured homes that meet FHA requirements are eligible property types.