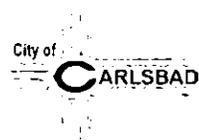




Affordable Housing Plan



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Executive Summary

The City of Carlsbad and Eddy County have been experiencing a serious housing shortage due to an influx of labor working in the oil and gas fields. From the oil and gas boom in 2007, mining and natural resources employment in the county nearly doubled, reaching 3,221 by 2015 and has continued to surpass that figure to reach 3,765 in 2018. Employment in the City of Carlsbad over the same time increased from 13,115 to 14,107 while unemployment dropped from 4% to 3%. The latest employment numbers from 2018 indicate the upward trend is continuing. Indications are that the employment expansion and high paying wages in the oil and gas industry are driving up housing prices and leaving people with few residential options. At the time this study was completed, early 2020, impacts from the Coronavirus outbreak drastically affected oil usage, prices and slowed extraction. Testimonies from short term rentals indicated that after operating at full capacity for years, they were currently around one-quarter capacity.

- **POPULATION:** Population estimates in the City of Carlsbad is approximately **28,838 in 2018**. Based on water use and new employment, however, Greater Carlsbad, which would encompass anything within a 20-minute drive, has a current population of **roughly 74,279**.
- **HOUSING SHORTAGE:** In total **1,601 new housing units have been added between January 2015 and March of 2020** in Carlsbad (670 apartment units, 715 new residences, 216 manufactured homes), however, the vacancy rate has gone from 8% to 13.7%. Since most other metrics utilize Census data that is only available up until 2018, it should be noted that up until 2018 **1,165 new housing units** had been constructed in Carlsbad (550 apartment units, 463 new residences, 141 manufactured homes).
- **RISING HOUSING PRICES:** The median house price in Carlsbad rose from \$118,400 to \$137,000 from 2015 to 2018, an **increase of 15.7 percent**.
- **RENTAL PRICES:** Median rents for apartments in Carlsbad in 2018 were **\$946**. This is a 22 percent increase from the average rent of \$775 in 2015. These rental rates are unaffordable for households with income below 57 percent of AMI (\$37,840) without a subsidy. Rental prices were \$761 for a one-bedroom, \$926 for a two-bedroom and \$1,271 for a three-bedroom unit and \$1,578 for a four-bedroom unit.
- **SUBSIDIZED APARTMENTS:** Four properties have a combined total of **213 units**. All affordable housing properties in the City of Carlsbad have a wait list between **one and three years**. The longest wait list is with senior living facilities.
- **LIVING QUARTERS:** Employees are living wherever they can. Only about **50%** of employees in Carlsbad say they are living in the immediate area, via “On-The-Map” information. City and county RV parks and campgrounds were full leading up to the start of this study, but started to drop as oil demand dropped with a nationwide lockdown order. Local hotels have been operating near capacity (roughly 1,831 rooms), and room prices have been continually increasing.
- **EMPLOYER NEEDS:** Many employers in the county who answered a housing survey in April 2020 said the lack of quality housing and high prices are making it hard for them to recruit employees. Collectively, 8 companies that responded to the survey said they had a total of **54 full time jobs**

open at the time. Many companies had operations placed on hold in accordance with the nationwide lock down for the Coronavirus outbreak.

- **VACANT LAND:** There are **26 active listings** for vacant land with an **average price per acre of \$48,076**, ranging in size from 0.2 acres to 100 acres.
- **COST BURDEN:** There are **1,045 renter households in Carlsbad** that are paying more than 30 percent of their incomes for housing. The 30% AMI level for a household of 4 is \$20,550. 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. There are **1,008 owner occupied households in Carlsbad** paying 30% or more of their incomes for housing.
- **GENERAL WORKFORCE NEED:** An estimated **300 renters in Carlsbad** earning between **50 percent and 80 percent of AMI** (or \$34,250 to \$54,800) are in need of more affordable rental units, while at **least 250 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 a little over **100 market rate homes for to purchase** for households earning between 80 and 100 percent OF AMI (\$54,800 - \$68,500), and **more than 400 new** homes over the next five years for households earning 100 percent of AMI and above. This can be most attributed to the anticipated population growth and relative pay scale those new jobs would be at. For renters earning in this AMI category, there is a shortage of roughly **30 apartment units**.

FUTURE: Over the next five years, if the energy boom and current trends continue, Carlsbad may need an **additional 1,400 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. Growth of businesses have remained unknown as many were either laying off or placed on hold at the time of this study. While no one can predict the future, still, 75% of employers reported they expect to hire within the next five years. Half of those employers anticipate to hire more than 10 employees, while the other half expect to hire less than 10. Only 2 employers expect no changes in the number of their employees over the next 5 years.

1. Introduction and Overview

The State of New Mexico enacted amendments to the State constitution to create the Affordable Housing Act in 2004 with amendments in 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 (MFA) before donations may occur. The experience of the City of Carlsbad and the analysis conducted for this plan indicate that such donations will help the City accomplish its housing goals.

A. Organization of the Plan

The 2020 Carlsbad Affordable Housing Plan updates and replaces the 2015 Carlsbad Housing Analysis and Strategic Plan. This Plan identifies existing and projected future housing needs within the city limits and contains the information that has been collected and analyzed to further an understanding the housing market in Carlsbad. It examines the existing housing market and identifies the need for housing, both affordable and market rate. It identifies specific obstacles to affordable housing and 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 are contained in goals, policies, and quantifiable objectives to increase affordability by housing types for owners and renters. The programs that are recommended, which include actions by the City Council 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 four sections:

I. Community and Housing Profile

- Demographics, which includes the characteristics and trends of the local population and economic conditions.
- Housing Characteristics, which includes general characteristics of Eddy County'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 area for the general population and special populations.
- Projected Needs, which includes projected housing and rehabilitation needs in the future.

III. Land Use and Policy Review, which examines constraints to affordable housing development in local land use regulations and development policy and offers recommendation 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 compiling this document: 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 2018 US Census data, the American Community Survey three- and five-year estimates, 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, small business owners, 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 Appendix. Shortly after the project kick-off, the global pandemic of COVID-19, Coronavirus, limited the amount of people that could gather, and forced the indefinite closure of non-essential businesses. With in-person meetings no longer an option, virtual stakeholder meetings were held during in May, 2020. This helped the project team to obtain information about housing issues in the city and nearby area, perceptions of housing needs, and preferences for new housing.

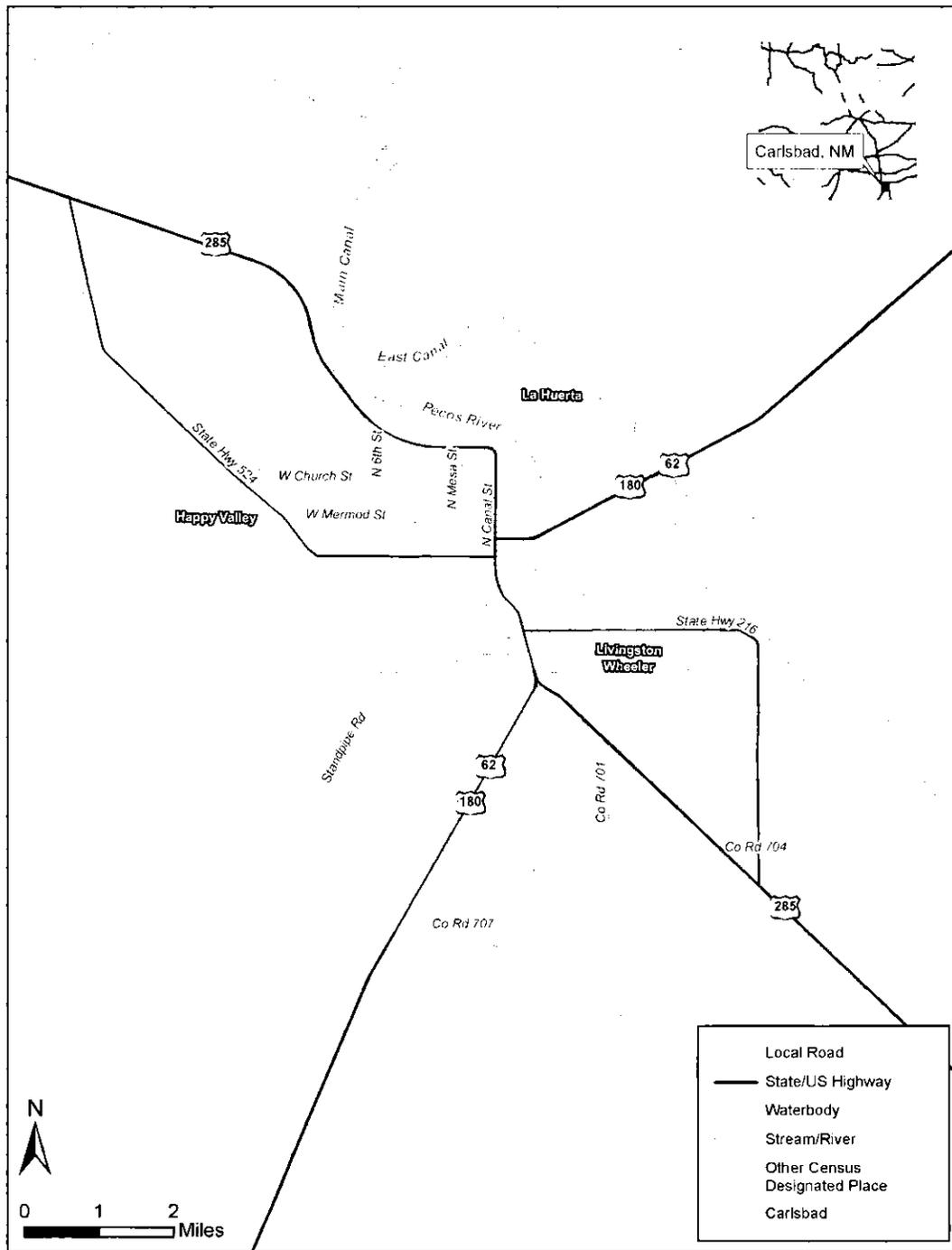
The City of Carlsbad's adopted plans, regulations and policies were reviewed to determine how these impact the development of affordable housing. A summary of these documents and potential impacts of current regulations are documented in the Land Use and Policy Review.

The project 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. Results are reported in the plan and compiled in Appendix B.

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.

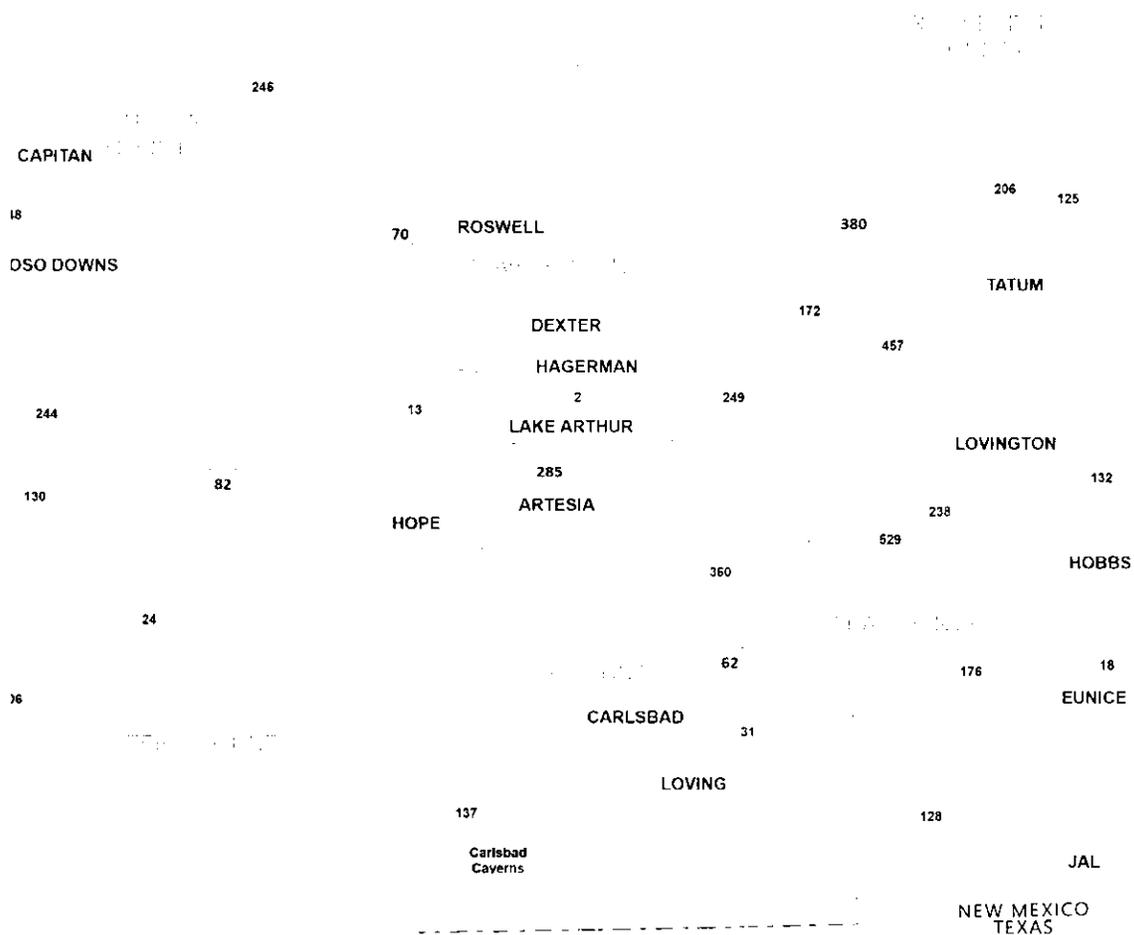
Figure 1: Overview Map of Carlsbad, NM



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. 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 1909 oil was discovered near the town of Dayton, between Artesia and Carlsbad. Drilling gathered momentum, and by 1930 the area's oil production was valued at \$32 million annually. 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. The establishment of the US Department of Energy's Waste Isolation Pilot Plant (WIPP) near Carlsbad in 2001 infused the local economy, spurring a number of related technology businesses. Carlsbad is the County seat, as well as the largest town in Eddy County. Other incorporated places include Artesia, Loving, and Hope. Carlsbad had a population of 28,838 people in the 2018 Census count. The city has been a hub for oil and gas production since the 1920s, though ranching and farming are also economic staples. In 1989 the Federal Law Enforcement Training Center was established there, further boosting the economy.

Figure 2: Carlsbad Regional Context Map



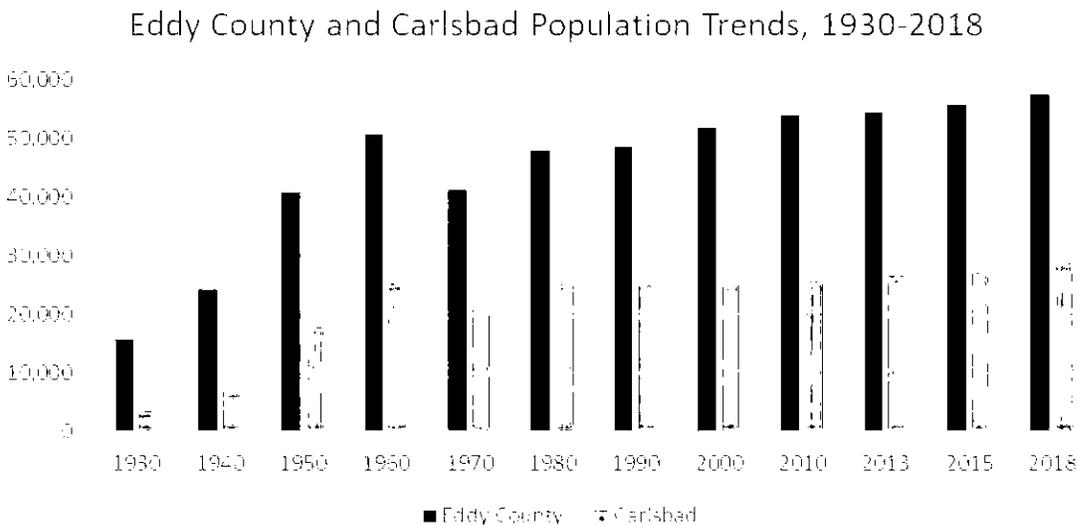
2. Community and Housing Profile

A. Demographic Characteristics

Population Growth

According to the U.S. Census Data provided by the American Community Survey 5 Year Estimates, in 2018 Carlsbad's population was 28,838. Since 1970, Eddy County's population has steadily increased, reaching nearly 60,000 by 2018. Since 1980, Carlsbad's population has remained stable at around 25,000, but began to increase in 2013. Figure 3 below shows the population jump from 26,591 in 2013 to 28,838 in 2018- 8% in just 5 years.

Figure 3: Population Trends for Carlsbad and Eddy County



Source: ACS 2018 5-Year Estimate, BBER

While the population of Carlsbad grew by 5% between 2015 and 2018, the populations of most nearby cities, Eddy County, and New Mexico state dropped or did not increase. As shown in Table 1, Artesia,

Table 1: Comparative Population Growth 2010-2018

	2010	2015	2018	% Change 2010-2015	% Change 2015-2018
Artesia	11,061	11,641	12,202	5%	5%
Carlsbad	25,698	27,592	28,838	7%	5%
Clovis	36,217	39,466	39,239	9%	-1%
Hobbs	32,940	36,191	38,052	10%	5%
Loving	1,993	2,178	1,964	9%	-10%
Roswell	47,414	48,553	48,186	2%	-1%
Silver City	17,351	16,890	16,185	-3%	-4%
Unincorporated Eddy County:	DATA NEEDED				
Eddy County	52,665	55,641	57,437	6%	3%

Source: 2018 ACS 5-Year Estimate

Carlsbad and Hobbs all grew in population size by 5% and are therefore experiencing similar housing shortage issues.

Community Characteristics

Table 2 provides an overview of general population characteristics, including age cohorts and sex of population. This data is available for both the City of Carlsbad and Eddy County with comparisons between 2015 data and 2018 with growth comparisons.

Table 2: Population Table

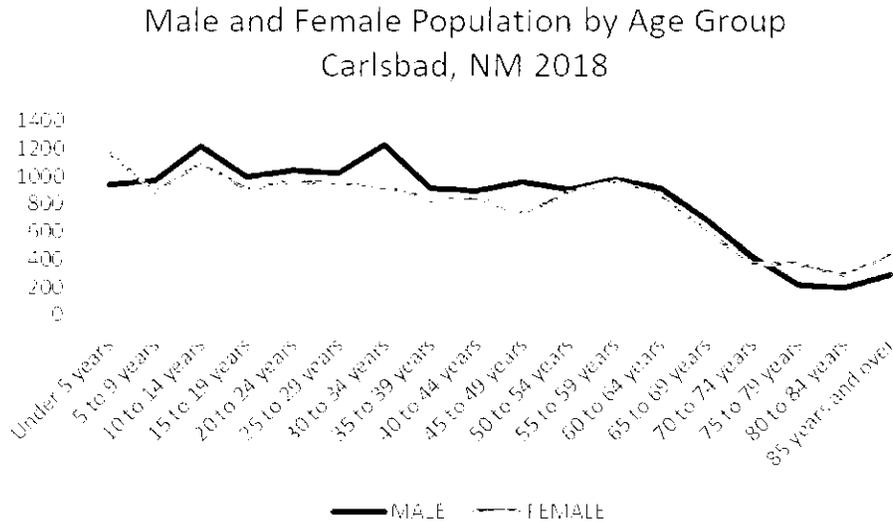
	Carlsbad 2015	Carlsbad 2018	% Change	Eddy County 2015	Eddy County 2018	% Change	% New Mexico 2018
Total Population	27,592	28,838	5%	55,641	57,437	3%	2,095,428
Age groups							
Under 5 years	1,876	2,112	13%	3,901	4,178	7%	6%
5 to 9	2,214	1,863	-16%	4,019	4,090	2%	6%
10 to 14	2,290	2,314	1%	4,127	4,408	7%	7%
15 to 19	1,876	1,906	2%	3,867	3,950	2%	7%
20 to 24	1,627	2,009	23%	3,582	3,793	6%	7%
25 to 34	3,475	4,114	18%	7,554	8,139	8%	13%
35 to 44	3,503	3,487	0%	6,343	6,698	6%	12%
45 to 54	3,393	3,473	2%	7,373	6,789	-8%	11%
55 to 59	1,572	1,939	23%	3,475	3,730	7%	7%
60 to 64	1,738	1,778	2%	3,660	3,533	-3%	7%
65 to 74	2,179	2,073	-5%	4,131	4,480	8%	11%
75 to 84	1,434	1,051	-27%	2,771	2,467	-11%	5%
85 years and older	469	719	53%	838	1,182	41%	2%
Senior Population over 65 +	4,082	3,843	-6%	7,740	8,129	5%	18%
Sex							
Male	13,845	14,780	7%	28,251	28,989	3%	50%
Female	13,747	14,058	7%	27,390	28,448	4%	50%

Source: 2015 and 2018 ACS 5 Year Estimates

Sex and Age Distribution

In 2018, sex distribution was nearly equal in Carlsbad, with males making up 51% of the population, and females 49% of the population.

Figure 4: Male & Female Population



Source: 2018 ACS

Table 3 shows age groups categorized by male or female. The four age groups that increased the most from 2015 to 2018 were 20-24, 25-34, 55-59 and 85 years and older.

Table 3: Carlsbad Population Change 2015-2018

	Carlsbad 2015	Carlsbad 2018	% Change
Total Population	27,592	28,838	5%
Age groups			
Under 5 years	1,876	2,112	13%
5 to 9	2,214	1,863	-16%
10 to 14	2,290	2,314	1%
15 to 19	1,876	1,906	2%
20 to 24	1,627	2,009	23%
25 to 34	3,475	4,114	18%
35 to 44	3,503	3,487	0%
45 to 54	3,393	3,473	2%
55 to 59	1,572	1,939	23%
60 to 64	1,738	1,778	2%
65 to 74	2,179	2,073	-5%
75 to 84	1,434	1,051	-27%
85 years and older	469	719	53%
Senior Population over 65 +	4,082	3,843	-6%
Sex			
Male	13,845	14,780	7%
Female	13,747	14,058	7%

Source: 2015 and 2018 ACS

Race and Ethnicity

In 2018, the majority of residents in Carlsbad identified as White, Hispanic or Latino or both, similar to the county and state as a whole, although 92% of the population of Eddy County identified as White. Minority populations in Carlsbad have fluctuated the most from 2015 to 2018. The population of American Indian/Alaskan natives dropped by 18%, and those identifying as some other race and two or more races combined fell by 11%. Although they only make up a small percentage of the overall population of Carlsbad, the Asian American population grew by 67%. The state of New Mexico as a whole continues to be more racially and ethnically diverse than Eddy County and Carlsbad.

Table 4: Population by Race & Ethnicity

Total Population	Carlsbad 2015	Carlsbad 2018	% Change	Eddy County 2015	Eddy County 2018	% Change	% New Mexico 2018
Race and Ethnicity							
White	13,593	13,844	2%	27,885	52,273	87%	37%
Black/African American	509	528	4%	737	891	21%	2%
American Indian/Alaskan	232	191	-18%	859	869	1%	9%
Asian	97	162	67%	288	225	-22%	2%
Some other Race	1,299	1,208	-7%	3,017	2,324	-23%	0%
Two or more Races	564	544	-4%	855	855	0%	2%
Hispanic or Latino (any race)	12,847	13,843	8%	25,558	27,799	9%	49%
Veterans	2,223	1,974	-11%	4,014	3,606	0%	9%

Source: 2015 and 2018 ACS

In 2018, the median household income in Carlsbad was \$66,110, a 12% increase since 2015. Carlsbad's median household income is higher than in Eddy County, and nearly \$20,000 more than in the state of New Mexico. Table 5 provides additional detail for both the City of Carlsbad between 2015 and 2018, as well as Eddy County and the state of New Mexico.

Table 5: Carlsbad & Eddy County Income

Income	Carlsbad 2015	Carlsbad 2018	% Carlsbad Population	Eddy County 2018	New Mexico 2018
Households	10,329	10,677		21,264	775,651
Median Household Income	\$59,017	\$66,110		\$62,982	\$48,059
Median Family Income	\$59,896	\$69,496		\$69,753	\$59,175
Per Capita Income	\$24,845	\$28,771		\$28,957	\$26,085
Households receiving Social Security income	3,449	3,448	32%	32%	33%
Households receiving Supplemental Security income	471	416	4%	4%	6%
Households receiving cash public assistance	154	170	2%	2%	3%
Households receiving food stamps/SNAP benefits	1,518	1,793	17%	15%	17%
Poverty					
Individuals below poverty level	3,659	4,205	15%	15%	19%
Families below poverty level	706	788	3%	3%	4%
Children under 18 below poverty level	1,035	1,057	4%	5%	7%
Individuals 65 years and older below poverty level	367	430	1%	2%	2%

Carlsbad’s percentage of households receiving Social Security, Supplemental Security Income, and those who collected public assistance and food stamps, were generally consistent with the households receiving the same benefits in both the county and the state. Carlsbad also shows poverty rates consistent with the county and state.

Table 6: Carlsbad Median Income

Median Income by Demographic Characteristic 2018	Carlsbad	Eddy County	New Mexico
Household	\$66,110	\$62,982	\$48,059
Families	\$69,496	\$69,753	\$59,175
With children under 18 years	\$73,417	\$68,911	\$51,961
With no children under 18 years	\$67,875	\$70,191	\$63,861
Married couple families	\$77,352	\$83,637	\$73,379
Female-headed families, no husband present	\$33,867	\$30,021	\$30,521
Female householder living alone	\$24,272	\$27,063	\$24,187
Male-headed families, no wife present	\$41,859	\$46,176	\$41,832
Hispanic or Latino, any race	\$60,771	\$55,060	\$40,641
White, not Hispanic	\$69,152	\$69,848	\$58,181
Native American	\$48,939	Not available	\$33,552
65 years or older	\$39,523	\$34,985	\$40,143

As shown in Table 6 above, nearly all of the demographic groups in Carlsbad had a higher median household income in 2018 than households in the county and state. Table 7, below, shows that median income increased for all types of households between 2015 and 2018, except for male headed households with no wife present and Native Americans.

Table 7: Carlsbad Median Income Change since 2015

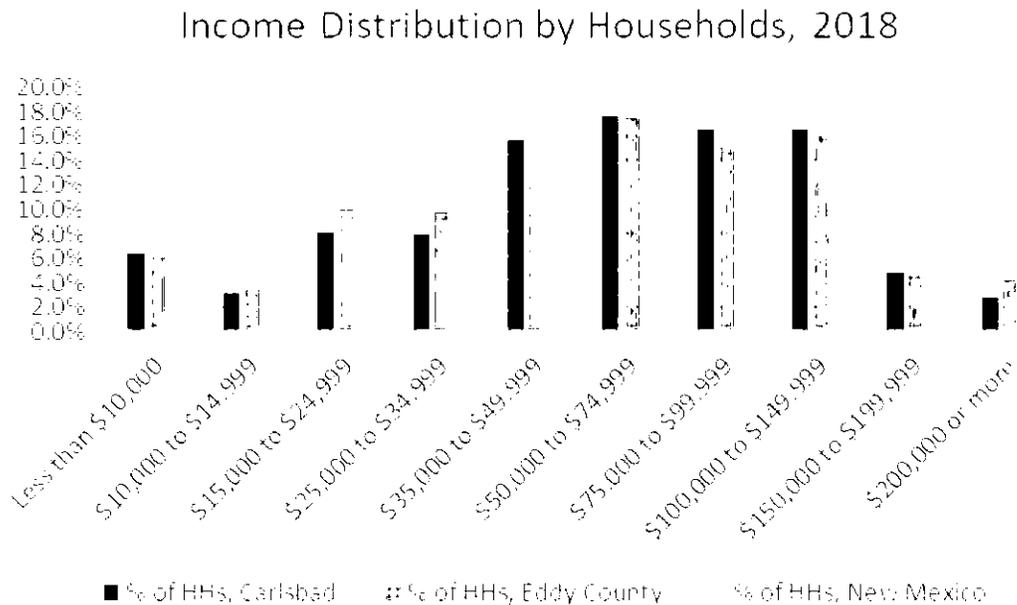
Carlsbad Median Income by Demographic	2015	2018	% Change 2015- 2018
Households	\$51,097	\$66,110	29%
Families	\$59,896	\$69,496	16%
With children under 18 years	\$62,219	\$73,417	18%
With no children under 18 years	\$56,760	\$67,875	20%
Married couple families	\$72,069	\$77,352	7%
Female-headed families, no husband present	\$31,371	\$33,867	8%
Female householder living alone	\$23,666	\$24,272	3%
Male-headed families, no wife present	\$49,716	\$41,859	-16%
Hispanic or Latino, any race	\$46,609	\$60,771	30%
White, not Hispanic	\$55,133	\$69,152	25%
Native American	\$81,420	\$48,939	-40%
65 years or older	\$34,292	\$39,523	15%

The highest percentages of income distribution in Carlsbad, shown in Table 8, were in the \$35,000-\$49,999, \$50,000-\$74,999, \$75,000-\$99,000, and \$100,000-\$150,000 ranges. The single largest income category in Carlsbad is between \$50,000 and \$75,000. Figure 5 is a graphical representation of the same information.

Table 8: Income Distribution by Household

Income Distribution by Households 2018	# of HHs, Carlsbad	% of HHs, Carlsbad	# of HH, Eddy County	% of HHs, Eddy County	# of HHs, New Mexico	% of HHs, New Mexico
Number of Households	10,677		21,264		775,651	
Less than \$10,000	684	6.4%	1,339	6.3%	75,238	9.7%
\$10,000 to \$14,999	331	3.1%	766	3.6%	48,866	6.3%
\$15,000 to \$24,999	865	8.1%	2,126	10.0%	91,527	11.8%
\$25,000 to \$34,999	864	8.0%	2,083	9.8%	85,322	11.0%
\$35,000 to \$49,999	1,676	15.7%	2,573	12.1%	105,488	13.6%
\$50,000 to \$74,999	1,890	17.7%	3,742	17.6%	134,963	17.4%
\$75,000 to \$99,999	1,772	16.6%	3,210	15.1%	83,770	10.8%
\$100,000 to \$149,999	1,772	16.6%	3,423	16.1%	88,424	11.4%
\$150,000 to \$199,999	524	4.9%	1,084	5.1%	32,577	4.2%
\$200,000 or more	299	2.8%	914	4.3%	30,250	3.9%

Figure 5: Income Distribution



Area median income (AMI) was evaluated based on percentages of households in Carlsbad and their income brackets. Table 9 shows that more than half (58.5%) of all households in Carlsbad in 2018 were at 100 or more percent of AMI. Income levels at 100-120% of AMI are generally considered “Moderate Income” and may not need subsidies or other assistance to afford housing. AMI levels at 30-50% are considered “Very Low Income” and typically require assistance for affordable housing. 25.6% of Carlsbad households in 2018 fit into this category.

Table 9: Estimate of Households by % AMI, 2018

Percent 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%	\$ 20,550	684	807						1,491	14.0%
40%	\$ 27,400		389	207					596	5.6%
50%	\$ 34,250			596					596	5.6%
60%	\$ 41,100			61	683				744	7.0%
70%	\$ 47,950				765				765	7.2%
80%	\$ 54,800				228	363			591	5.5%
90%	\$ 61,650					518			518	4.9%
100%	\$ 68,500					518			518	4.9%
120%	\$ 82,200					491	514		1,005	9.4%
Over 120%	\$ 82,200 +						1,258	2,595	3,853	36.1%
Total		684	1,196	864	1,676	1,890	1,772	2,595	10,677	100%

Sources: 2018 NM MFA Housing Credit Income Limits

The groups listed below have or may have needs that exceed normal accommodations offered by traditional housing, such as the especially large, expensive single family homes that appear in Carlsbad. For example, housing types that accommodate seniors nicely tend to be smaller, and higher density options such as condominiums and apartments will serve their needs and also function as appropriate housing options for other low income groups who may have similar requirements such as handicap accessibility. Additional facilities to serve these communities can be built near these types of housing developments to ensure that proper infrastructure and water use regulations are available.

- **Single-parent families:** In 2018, there were a total of 1,206 single parent households in Carlsbad, approximately 11% of households. As mentioned on the previous page, these types of families require housing with enough space to accommodate their families, but at a price that is manageable for their level of income.
- **Seniors:** In 2018, there were 5,654 individuals that were over the age of 60, making up 19% of Carlsbad’s population. Between 2015 to 2018, there was a decreasing trend in this age group, which could mean residents moved away before reaching this age, or could not afford to stay in Carlsbad due to housing prices.
- **Individuals with disabilities:** In 2018 in Carlsbad, 23.7% of the population that is of age to live on their own or support housing with their own income (ages 18-65+) experienced a disability that would require special accommodations to be made to their housing, such as ADA accessibility.
- **Veterans:** Veterans only make up 7% of Carlsbad’s population, the highest percentage being from the Vietnam War era according to the US Census.

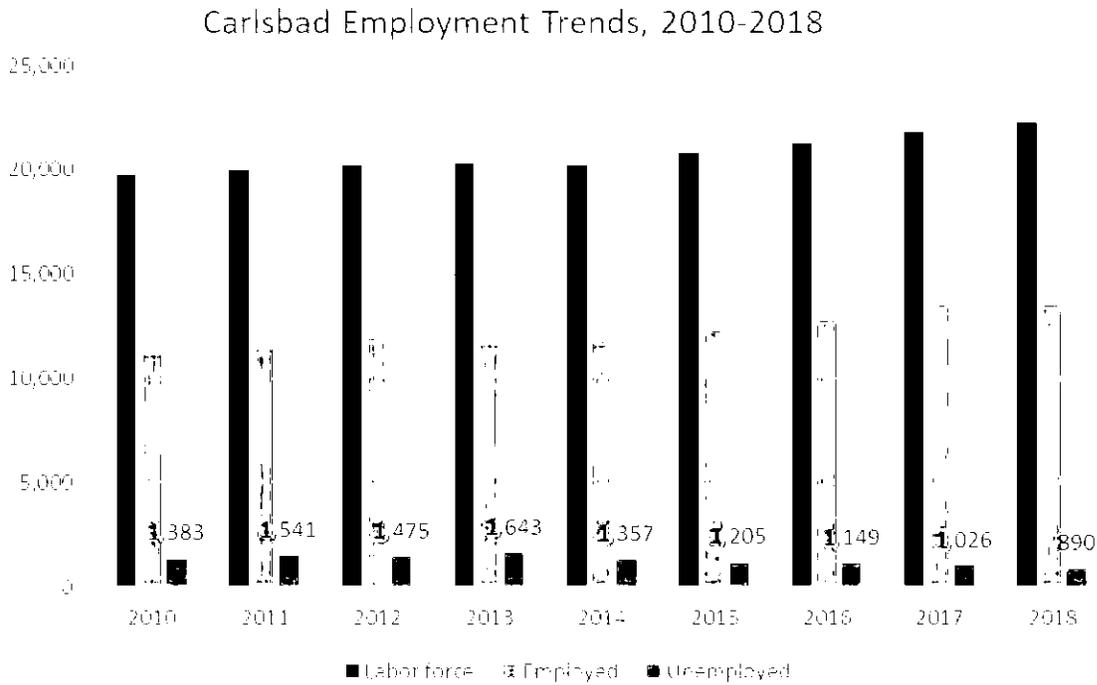
Table 10: Population with a Disability

Population with a Disability, 2018	Carlsbad		Eddy County		New Mexico
Total Population	28,838		57,437		2,095,428
	# of Disabled Individuals	% Disabled Individuals	# of Disabled Individuals	% Disabled Individuals	% Disabled Individuals
Total Disabled Individuals	3,844	13.3%	7,587	13.2%	311,365
Age Group					
5-17 years old					
With sensory disability	47	0.2%	146	0.3%	0.4%
With a mental/cognitive disability	140	0.5%	259	0.5%	0.6%
With physical disability/ambulatory difficulty	25	0.1%	52	0.1%	0.1%
With self-care difficulty	29	0.1%	29	0.1%	0.1%
18-64 years old					
With sensory disability	577	2.0%	1,024	1.8%	3.4%
With a mental/cognitive disability	872	3.0%	1,273	2.2%	3.4%
With physical disability/ambulatory difficulty	1,207	4.2%	1,993	3.5%	3.8%
With self-care difficulty	282	1.0%	467	0.8%	1.4%
With an independent living difficulty	486	1.7%	947	1.6%	2.7%
65 years and older					
With sensory disability	1,094	3.8%	2,350	4.1%	4.5%
With a mental/cognitive disability	275	1.0%	717	1.2%	1.8%
With physical disability/ambulatory difficulty	1,023	3.5%	2,124	3.7%	4.0%
With self-care difficulty	389	1.3%	802	1.4%	1.4%
With an independent living difficulty	636	2.2%	1,395	2.4%	2.6%

Local Economy

In 2018, Carlsbad's unemployment rate reached its lowest in nearly a decade, only 4%. As Figure 6 below shows, the employment rate has climbed steadily increasing by 10% since 2015. Mentioned in the 2015 Eddy County Affordable Housing Plan, increased labor force coupled with decreased unemployment puts a strain on local housing.

Figure 6: Carlsbad Employment Trends



Source: 2010 through 2018 ACS %-Year Estimates

According to the ACS 2018 5 Year Estimates and the NMBBER, the city of Carlsbad has had extremely low unemployment rates for nearly 10 years.

Table 11: Employment Characteristics

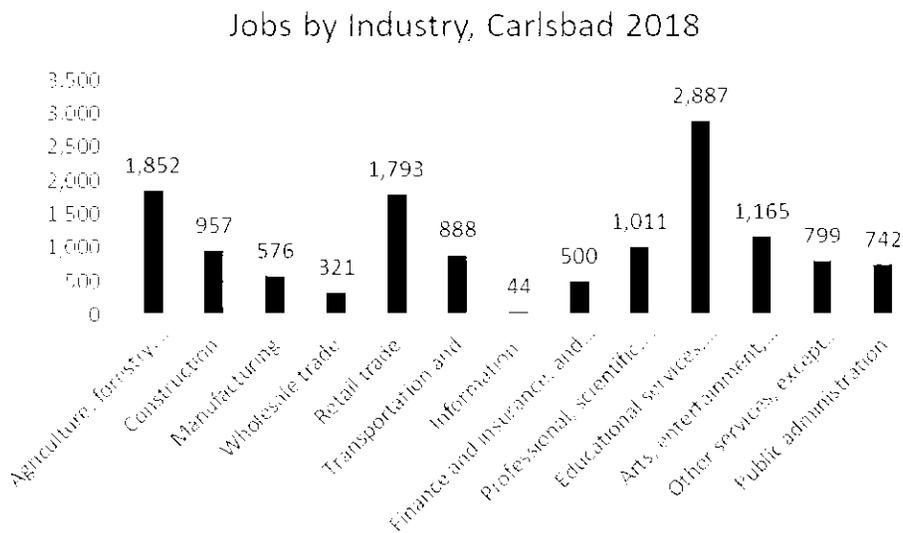
Employment Characteristics of Residents, 2018	# in Carlsbad	% of total Carlsbad workforce	# or % in Eddy County	# or % in New Mexico
Population 16 and over	22,251		43,952	1,655,769
In the labor force	14,107		27,382	960,346
Employed Population 16 and older	13,535		26,013	882,524
In labor force	8,605*	61%	59%	53%
Not in labor force	5,360*	38%	38%	42%
Unemployed	564*	4%	4.5%	7.2%
Class of Worker				
Private wage and salary worker	10,421	77%	76%	68%
Government workers	2,287	17%	16%	22%
Self-employed	825	6%	8%	10%
Occupations				
Management, business, science, and arts	3,789	28%	26%	36%
Service	2,300	17%	17%	21%
Sales and office	2,774	20%	23%	22%
Natural resources construction, and maintenance	2,219	16%	19%	11%
Production, transportation, material moving	2,449	18%	15%	10%
<i>*Approximate count, ACS data provided does not = exactly 100%</i>				

According to the ACS 2018 5 Year Estimates, Carlsbad had 22,251 residents who were over the age of 16, and 61% were in the labor force. The percentage of workers in the labor force in Carlsbad is higher than in the county and the state, and the unemployment rate is lowest for Carlsbad, 4%, when compared to the county and state. 77% of the workers in Carlsbad are employed with private companies, and the highest number of people worked in the industries of Educational services, health care and social assistance category (21%) and the Agriculture, forestry, fishing and hunting (14%).

Table 12: Industry

Industry 2018	# in Carlsbad	% in Carlsbad	% in Eddy County	% in New Mexico
Agriculture, forestry, fishing and hunting	1,852	14%	17%	4%
Construction	957	7%	8%	7%
Manufacturing	576	4%	5%	4%
Wholesale trade	321	2%	3%	2%
Retail trade	1,793	13%	12%	12%
Transportation and warehousing, and utilities	888	7%	8%	4%
Information	44	0%	1%	2%
Finance and insurance, and real estate and rental	500	4%	4%	5%
Professional, scientific, management, administrative and waste management	1,011	7%	6%	12%
Educational services, health care, and social assistance	2,887	21%	18%	25%
Arts, entertainment, recreation, accommodation and food services	1,165	9%	8%	11%
Other services, except public administration	799	6%	5%	5%
Public administration	742	5%	6%	7%

Figure 7: Jobs by Industry



The following is a list of major employers in Carlsbad who are currently operating in city limits or the immediate area.

Table 13: Major Employers in Carlsbad

Major Employers in Carlsbad/Eddy County		
Employer	Industry	Number of Employees
Waste Isolation Pilot Plant	Nuclear Storage	800
Intrepid Potash	Mining	770
Carlsbad Municipal Schools	Education	757
City of Carlsbad	Government	500
Mosaic Potash	Mining	420
Carlsbad Medical Center	Health Care	490
Walmart	Retail	329
Eddy County	Government	314
Constructors, Inc.	Construction	304
Devon Energy	Oil & Gas	290
Concho Resources	Oil & Gas	269
Lakeview Christian Home	Health Care	200
Buffalo Wild Wings	Food Services	200
CARC Inc.	Retail	182
Landsun Homes	Construction	175
Lowe's	Retail	140
Albertsons	Retail	126
McDonalds	Food Services	120
NMSU - Carlsbad	Education	120
Headstart	Social Assistance	103
Tessengerlo-Kerley Services	Construction	100

Source: Carlsbad Department of Development

A total of 13 businesses in the Oil & Gas industry exist in Carlsbad, four of which are suppliers for Oil & Gas companies.

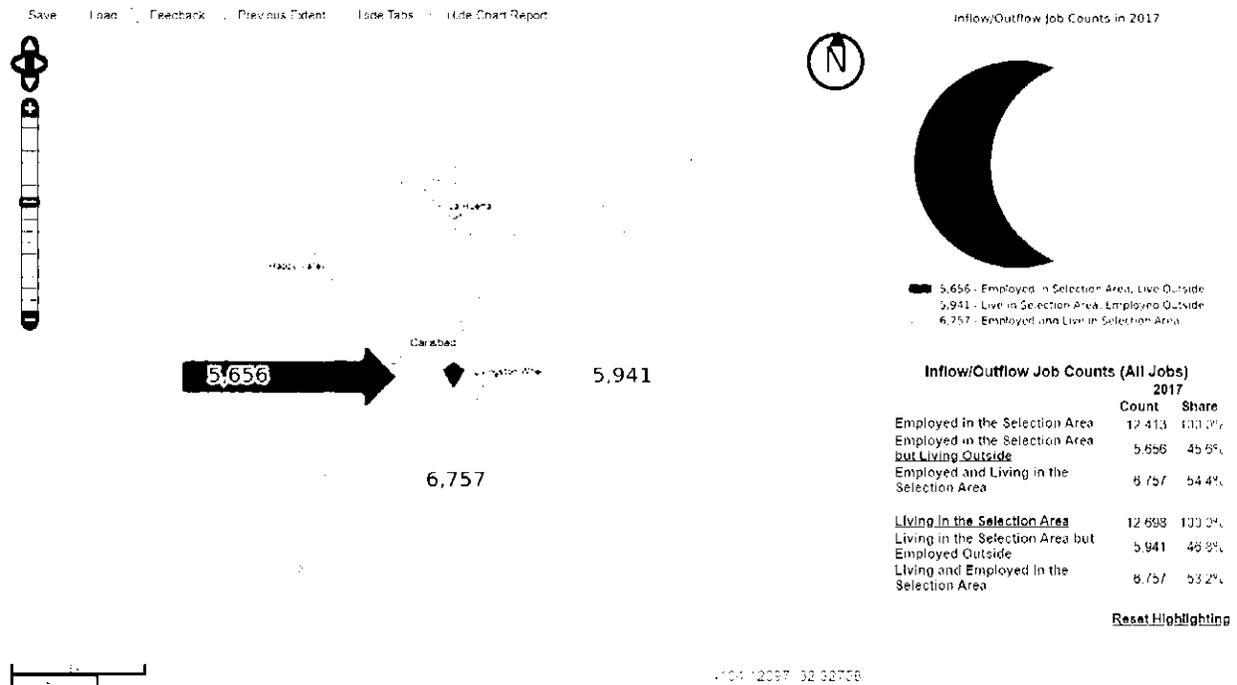
The Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) Origin- Destination Employment Statistics tool was used to determine how many workers were or were not living and working in the city of Carlsbad. For this assessment, the most recent data available was 2017. In 2017, nearly half, 45.5% of all individuals who worked in Carlsbad lived somewhere outside the city and commuted in. Additionally, the table shows that nearly half of those who live inside Carlsbad work outside the city. This data shows that that nearly half of all workers, 46.8%, choose to live outside of the

city of Carlsbad, most likely the shortage of both affordable and available housing that it is currently experiencing.

Table 14: Commuting Inflow/Outflow

Carlsbad Inflow/Outflow Job Counts by Area, 2017	Count	Share
Employed in the area	12,413	100%
Employed in the area but living outside	5,656	45.6%
Employed and Living in the area	6,757	54.4%
Living in the area	12,698	100%
Living in the area but employed outside	5,941	46.8%
Living and employed in the area	6,757	53.2%

Figure 8: Commuting Inflow/Outflow Map



B. Characteristics of the Existing Housing Stock

Housing Inventory

In 2018, there were 12,377 housing units in total, 86% being occupied by individuals or families and 14% vacant. 75% of all housing units in Carlsbad were detached, single family homes. All multi-unit housing from 2 units to 20 or more units *combined* only make up 17% of the housing stock. 9% of housing units in 2018 were mobile homes. Average household size was very similar between owner and renter occupied units, at just above 2.6%. These figures closely relate to the housing conditions in Eddy County. Table 15 provides additional occupancy detail by unit type and by number of units per structure.

Table 15: Housing Tenure

Housing Tenure, 2018	Carlsbad	% of Total Units	Eddy County	% of Total Units
Total Housing Units	12,377		24,274	
Occupied housing units	10,677	86%	21,264	88%
Owner occupied	7,267	68%	15,057	71%
Renter occupied	3,410	32%	6,207	29%
Vacant housing units	1,700	14%	3,010	12%
Average HH size for owner occupied	2.63		2.64	
Average HH size for renter occupied	2.68		2.74	
Type of Housing by Units in Structure				
1, detached	9,232	75%	17,341	71%
1, attached	121	1%	223	1%
2 units	129	1%	411	2%
3-4 units	342	3%	481	2%
5-9 units	575	5%	791	3%
10-19 units	237	2%	242	1%
20 or more units	611	5%	685	3%
Mobile home	1,066	9%	3,985	16%
Boat, RV, van, etc.	64	1%	115	0%

Figure 9: Housing Type

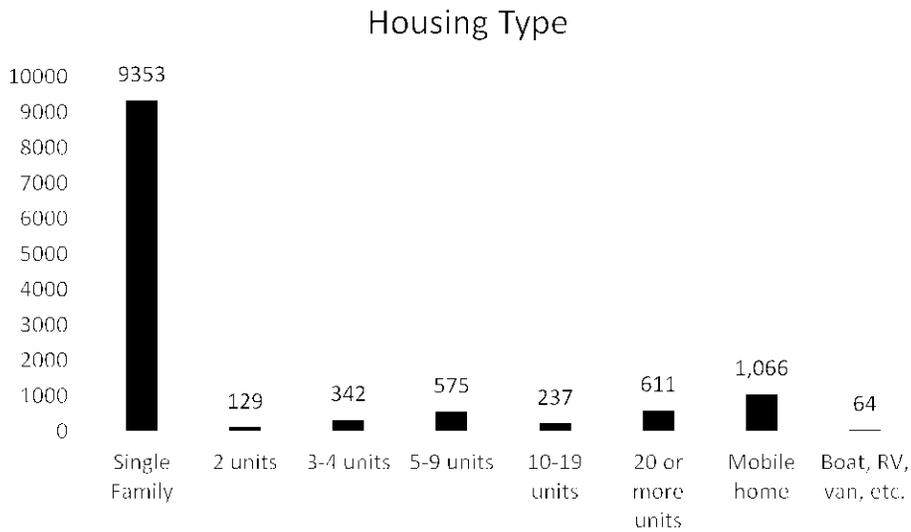


Figure 9, shown previously, illustrates the majority of housing stock in the City of Carlsbad to be single-family homes. Specifically, 75% of homes are single-family, 16% are apartments ranging from 2 to 20+ units and 9% of the housing stock are mobile homes.

Table 16: Vacancy Status (*Only 2016 data available)

Vacancy Status, 2016	Carlsbad	% of Total	Eddy County	% of Total
Total Housing units	11,488		23,428	
Total Occupied units	10,345		20,941	
Owner occupied units	7,123	69%	14,981	72%
Renter occupied units	3,222	31%	5,960	28%
Total Vacant units	1,143	10%	2,487	11%
For rent	155	14%	282	11%
Rented, not occupied	91	8%	128	5%
For sale only	160	14%	167	7%
Sold, not occupied	26	2%	26	1%
For seasonal, recreational, or occasional use	176	15%	355	14%
For migrant workers	22	2%	159	6%
Other vacant	513	45%	1,370	55%
Homeowner vacancy rate		2.2%		1.1%
Rental vacancy rate		4.5%		4.4%

According to the 2015 Eddy County Affordable Housing Plan, 1,342 new housing units were added to the Carlsbad area between 2010 and 2015. Based on the most recent data available for building permits

acquired in the city of Carlsbad, 1,601 new units have been permitted between 2015 and March of 2020. Table 17 provides a full break down of new housing units by type and by year.

Table 17: Carlsbad Building Permit Data

Carlsbad Building Permit Data 2015-2020	Manufactured Homes	New Residence	Apartments, # of Units	Total # New Housing Units
2015	36	121	4	161
2016	24	74	204	302
2017	40	134	0	174
2018	41	134	342	517
2019	59	195	0	254
March 2020	16	57	120	193
Total	216	715	670	1601
<i>*This table does not include hotels, RV parks, or other types of buildings that could serve as residences</i>				

Source: City of Carlsbad building permits; Copperstonecarlsbad.com

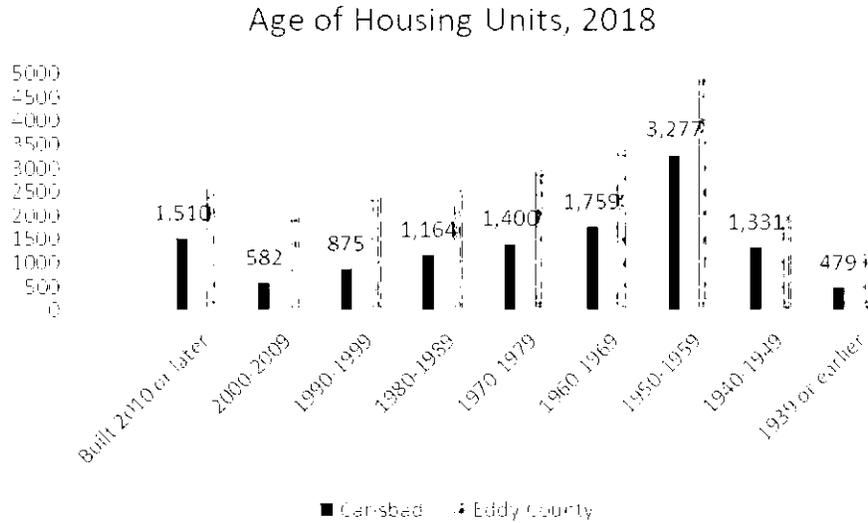
New 2020 residential projects that were underway at the time of this study in May of 2020 have been provided by the City. These projects have not been formally approved by the Building Safety division, therefore they are not reflected in Table 17. A total of 385 new apartment units are currently under review and 725 new single-family residential lots are being platted. Projects include:

- Cielo Lindo Subdivision: single family housing, 127 new lots to be created. Project has been approved by the City, work is currently underway.
- Flumes Subdivision: single family housing, 354 new residential lots. Project has been approved by the City. Still in the planning stages.
- Martin Farms Subdivision. Unit 3: single family housing, 51 new residential lots created. Project has been approved by the City, work is underway.
- Oasis Subdivision, Phase 1: single family housing, 135 new residential lots created. Project has been approved by the City, work is underway.
- Sunwest Subdivision Unit 8: single family housing, 58 new residential lots created. Project has been approved and work is underway.
- Arrowstone Apartments: Phase 1 will be 100 new apartment units. Plans are under review.
- Carlsbad Apartments: 120 new apartment units will be built. Plans have been approved and work is underway.
- White Oak Apartments: 189 new apartment units will be built. Plans are under review.
- Village at Carlsbad Apartments Phase 2: 96 new apartment units will be built. Plans are under review.

Age of housing can be an indicator of repairs to existing housing stock being necessary. According to the 2018 ACS 5 Year Estimates, the highest percentage of housing units in Carlsbad were built between 1950 and 1959. The second highest percentage, 14%, of units were built in the following decade. The third

highest percentage of units, 12% were built in 2010 or later, suggesting that they are still in good condition and are not in immediate need of repairs.

Figure 10: Age of Housing



Besides age, other indicators of housing condition include whether or not homes have complete kitchen and plumbing facilities. In 2018, Carlsbad only had an estimated 0.1% of housing units that lacked complete plumbing facilities, or 16 units. These figures have improved from the 2015 reporting of 64 units without complete kitchens, which made up 0.6% of occupied units. The number of units that lacked complete kitchen facilities also dropped from 112 in 2015 to 83 in 2018, a reduction from 1.1% of units to 0.8% of units.

High rental rates bring along the issue of overcrowding units and bedrooms. The number of units that are overcrowded (between 1 and 1.5 persons per room) grew from 2.3% in 2015 3.5% in 2018. This is an increase from 228 units to 378 units. In addition, severely overcrowded rooms (more than 1.5 persons per room), grew by over twice the amount from 0.7% in 2015 to 1.5% in 2018. This is an increase from 69 units to 160 units. Such conditions can cause more wear and tear on housing units. A more detailed look at these figures can be found in Table 18.

As part of the 2020 Comprehensive Plan update, 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). Results of these findings can be found in Table 18.

Table 18: 2018 Housing Condition Indicators

	2018 Total # City of Carlsbad	2018 Total %, City of Carlsbad	2015 Total # City of Carlsbad	2015 Total %, City of Carlsbad
Total Housing Units	12,377	100.0%	11,227	100.0%
Year Structure Built				
Built 2014 or later	508	4.1%	NA	NA
Built 2010 to 2013	1,002	8.1%	101	0.9%
Built 2000 to 2009	582	4.7%	505	4.5%
Built 1990 to 1999	875	7.1%	999	8.9%
Built 1980 to 1989	1,164	9.4%	1257	11.2%
Built 1970 to 1979	1,400	11.3%	1336	11.9%
Built 1960 to 1969	1,759	14.2%	1415	12.6%
Built 1950 to 1959	3,277	26.5%	3177	28.3%
Built 1940 to 1949	1,331	10.8%	1695	15.1%
Built 1939 or earlier	479	3.9%	752	6.7%
Housing Facilities (Occupied Units)	10,677	100.0%	9,868	100.0%
Lacking complete plumbing facilities	16	0.1%	64	0.6%
Lacking complete kitchen facilities	83	0.8%	112	1.1%
No telephone service available	168	1.6%	NA	NA
Home Heating Fuel (Occupied Units)				
Utility gas	5,880	55.1%		
Bottled, tank, or LP gas	159	1.5%		
Electricity	4,502	42.2%		
Fuel oil, kerosene, etc.	3	0.0%		
Coal or coke	0	0.0%		
Wood	55	0.5%		
Solar energy	11	0.1%		
Other fuel	23	0.2%		
No fuel used	44	0.4%		
Overcrowded Housing Units (Occupied Units)				
Not Overcrowded (1 or less per room)	10,139	95.0%		
Overcrowded (1 to 1.5)	378	3.5%		
Severely Overcrowded (1.51 or more)	160	1.5%		

Figure 11: Housing Conditions 2020 Comprehensive Plan

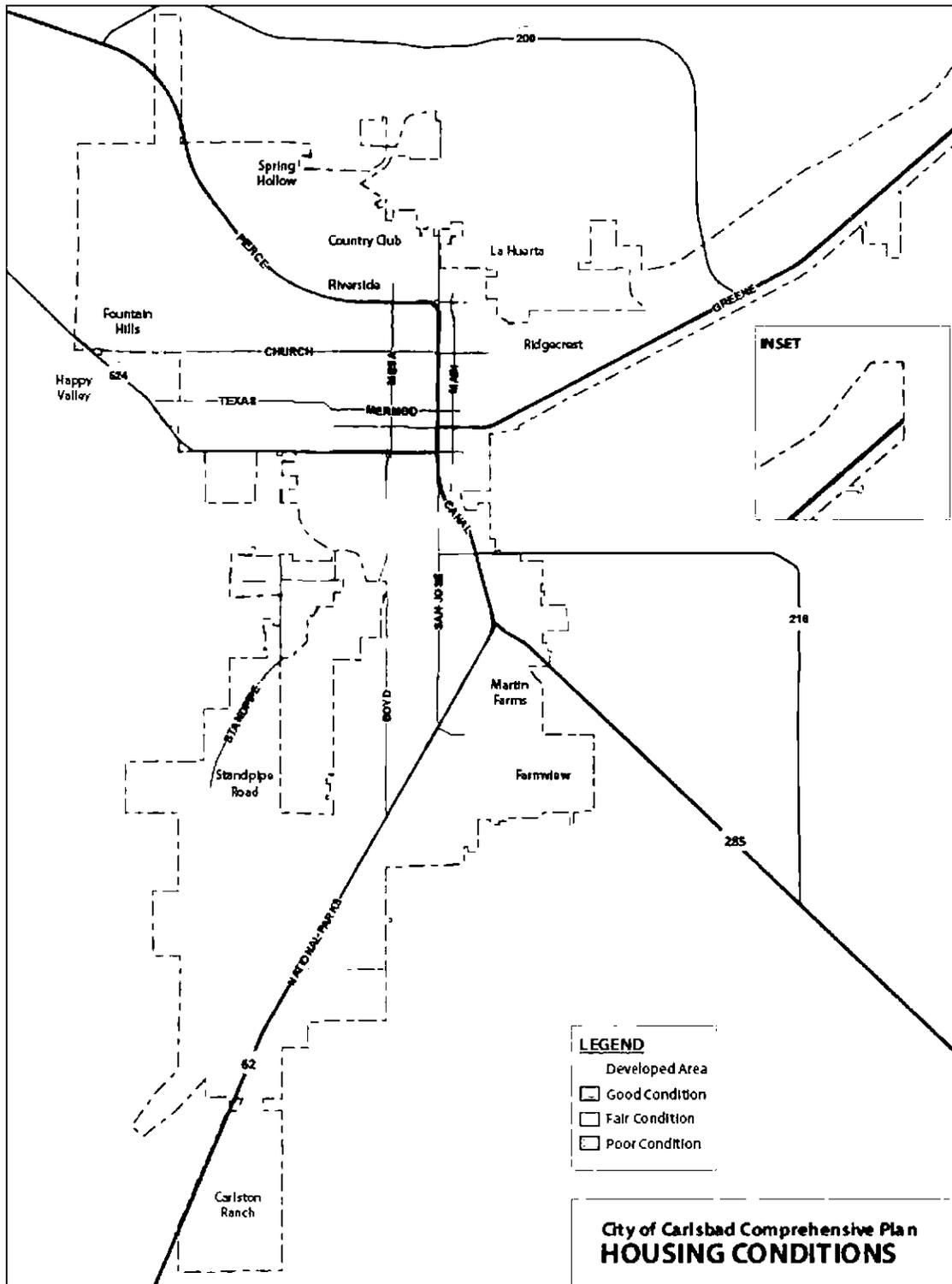


Figure 11 illustrates the parts of Carlsbad that are experiencing poor housing conditions. City inspectors get involved in condemnations when law enforcement or other citizens report vacancies and dilapidated houses. Typically these are homes that have stood vacant for years and are “literally falling down,” have

suffered a fire with no subsequent repair, or have such substandard electric systems that the City removes the meter. Historically, the City has been condemning and demolishing approximately five houses a year.

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. These programs all ensure that eligible tenants do not pay more than 30 percent of their incomes for rent.

There are approximately 213 subsidized units of various sizes in Carlsbad; roughly half are reserved for elderly residents. Phone interviews were conducted with property managers who responded to phone calls in April 2020. Testimonies found that all units were occupied and wait lists ranged between 1 and 3 years. Managers at two of the four complexes located in Carlsbad did not respond to queries. A complete list of affordable housing properties in Carlsbad has been published by the New Mexico Mortgage Finance Authority (MFA) and shown in Table 19.

Table 19: Affordable Housing Facilities

Complex Name	Address	Subsidizing Organization/ Management	Total Units/Type	Eligibility	At Risk of No Longer Being Affordable?
Colonial Hillcrest Apts.	604 N. Fifth St.	UAH / Property Management	75 units	50% AMI - LIHTC	No, new Section 8 contract extends until 2033
La Posada Apts.	710 Hueco St.	UAH / Property Management	12 units	No response	No
Mission Apartments	805 Hueco St.	Tax credits / Section 8 Monarch Properties	68 units	Section 8 Project-Based - mostly 30%, some 50% AMI	No, due to tax credits/ most demand for 2 bedrooms
Villa San Jose	415 Del Rio St.	HUD / Truth or Consequences Housing Management	58 units	Section 202 Supportive Housing for Elderly	No

Generally, households earning up to the income limit in the table below for their household size are eligible for units participating in a HUD rental assistance program in Carlsbad. Table 20 is provided by the New Mexico Mortgage Finance Authority that outlines area median income by number of people per household. These figures are used to help understand the gap between income and housing costs and provide assistance to fill that gap for renters and homeowners.

Table 20: 2018 NM MFA Area Median Income

AMI Band by # in HH	1	2	3	4	5	6	7	8
30%	\$14,400	\$16,440	\$18,510	\$20,550	\$22,200	\$23,850	\$25,500	\$27,150
40%	\$19,200	\$21,920	\$24,680	\$27,400	\$29,600	\$31,800	\$34,000	\$36,200
50%	\$24,000	\$27,400	\$30,850	\$34,250	\$37,000	\$3,975	\$42,500	\$45,250
60%	\$28,800	\$32,880	\$37,020	\$41,100	\$44,400	\$47,700	\$51,000	\$54,300
80%	\$38,400	\$43,840	\$49,360	\$54,800	\$59,200	\$63,600	\$68,000	\$72,400
				\$68,500				

Source: NM MFA

If a property was built or renovated using funding from HUD's Section 202 Supportive Housing for the Elderly program, residency is usually restricted to households earning 50% of the Area Median Income (AMI) or less with at least one member age 62 years or older. Tenants pay rent based on household income. This rent is usually the highest of the following three amounts: either 30% adjusted monthly income, or 10% unadjusted monthly income, or, if receiving welfare assistance, the housing costs portion of this assistance.

In projects with five or more HOME-assisted units, at least 20% of these units must be occupied by families earning 50% or less of area median income (AMI). All other HOME-assisted units must be occupied by families earning 80% or less of AMI, but in practice most are reserved for families earning 60% or less AMI. Maximum monthly rent is capped with a Low HOME Rent for <50% AMI units and a High HOME Rent for the remaining HOME-assisted units. Contact the property directly for the specific dollar amount of these rent caps.

Under this program, a certain number of units are set aside for lower income households. Households must earn either less than 50% or 60% of the area median income (depending on the set-aside option

chosen by the property owner) to qualify for these units. Rents in these units are capped at a maximum of 30% of the set-aside area median income (adjusted for unit size). Some rental units in this property may not be subject to LIHTC and therefore have higher rents and no maximum household income requirement.

From 2015 to 2018, the population of male headed households increased by 18% in Carlsbad, and male headed households with children dropped by 14%. Female headed households also dropped dramatically. Average family size dropped in both Carlsbad and Eddy County, however the county saw no decreases in any type of household during the same period of time, and increased most significantly in their number of households with female headed households with their own children.

Carlsbad had an average of 2.63 persons per household in 2018, which was slightly higher than the average of 2.5 in 2015. Eddy County reported a similar number of 2.67 persons per household in 2018, while the state as a whole had an average of 2.64 persons per household.

The total number of non-family households in Carlsbad increased, but only by 45 between 2015 and 2018. Family households, which are roughly two thirds of households, increased by 303. More than three-fourths of non-family householders lived alone. A full list with comparisons to Eddy County and the state of New Mexico can be found in Table 21.

Table 21: Household Characteristics

Household Characteristics, 2015-2018	Carlsbad 2015	Carlsbad 2018	% Change	Eddy County 2015	Eddy County 2018	% Change	% Total New Mexico
Total households	10,329	10,677	3%	20,638	21,264	3%	775,651
Family households	6,928	7,231	4%	14,511	15,019	4%	64%
With own children under 18 years	3,227	3,208	-1%	6,488	6,739	4%	26%
Husband-wife family	4,579	4,926	8%	10,280	10,603	3%	44%
With own children under 18	1,954	2,081	6%	4,014	4,330	8%	16%
Female householder, no husband present	1,494	1,294	-13%	1,603	2,776	73%	14%
With own children under 18	724	657	-9%	290	1,595	450%	7%
Male householder, no wife present	855	1,011	18%	871	1,640	88%	6%
With own children under 18	549	470	-14%	567	814	44%	3%
Non-family households	3,401	3,446	1%	6,127	6,245	2%	36%
Householder living alone	2,768	2,861	3%	5,118	5,377	5%	31%
Householder age 65 years and older	1,125	1,001	-11%	2,084	2,147	3%	12%
Households with individuals 60 years or older	4,048	3,833	-5%	7,739	8,016	4%	42%
Average household size	2.63	2.65	1%	2.66	2.67	0%	2.64
Average family size	3.16	3.11	-2%	3.15	3.13	-1%	3.34

C. Housing Market Analysis and Affordability

Historic housing data, as provided by the Realtors Association of New Mexico, is only available at the county level. As Table 22 below demonstrates, the median price of houses sold in Eddy County has risen steadily from \$185,000 in 2015 to \$262,000 in April 2020. The number of housing units sold has also increased every year except in 2016 and 2019. The start of 2020 has proven to continue the 2 year growth cycle in excess of 30%. All of 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. A comparison has been provided for Bernalillo County, which shows a jump in median home values in 2016, but flattened out to 2018 and continued to grow but not as much as in Eddy County. Housing valuations also have risen in the past two years, according to the County Assessor’s Office.

Table 22: Housing Units Sold in Eddy County 2015-2020

Year	2015	2016	2017	2018	2019	Apr. 2020
Units Sold	673	533	658	880	611	232
% Change from Previous Year	-	-20.8%	23.5%	33.7%	-30.1%	*30.3%
Median Price	\$185,250	\$165,000	\$175,000	\$200,000	\$235,000	\$262,000
% Change from Previous Year	-	-10.9%	6.1%	14.3%	17.5%	*26.2%
Median Price in Bernalillo County	\$183,250	\$195,000	\$198,000	\$200,000	\$216,000	\$225,000

Source: Realtors Association of New Mexico, 2020

*YTD Comparison with previous year

A review of houses for sale in Carlsbad found 103 single family dwellings listed in May of 2020. While searching active real estate listings, 11 of those were foreclosures. A total of 237 foreclosures were reported by HUD. The majority of homes for sale, 43%, were only affordable only to households with incomes **at 120 percent area median income**. Homes for those in this household income level, \$82,200 and above, were in excess of \$260,000. Only 6 homes were listed for sale at a price range that was affordable for those under 60% AMI, which equates to a household income of \$41,100 and homes under \$130,000.

Table 23 provides details for 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 May 2020. The table also shows the total number of homes in Carlsbad within the same price brackets. By far, the largest stock of existing homes lies within the 120%+ AMI category, homes over \$260,000.

Table 23: 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 May 2020
\$20,550	Up to 30% AMI	1,491	\$65,077 or less	0
\$20,550 - \$27,400	30-40% AMI	596	\$65,077 to \$86,789	2
\$27,400 - \$34,250	40-50% AMI	596	\$86,789 to \$108,461	1
\$34,250 - \$41,100	50-60% AMI	744	\$108,461 to \$130,154	3
\$41,100 - \$54,800	60-80% AMI	1,326	\$130,154 to \$173,538	18
\$54,800 - \$68,500	80-100% AMI	1036	\$173,538 to \$216,923	13
\$68,500 - \$82,200	100-120% AMI	1005	\$216,923 to \$260,307	22
\$82,200 +	120% + AMI	3,853	\$260,307 and up	44

Sources: American Community Survey, Zillow.com, NM MFA mortgage calculators

*Mortgage payment calculated on NM MFA website assuming 30-year mortgage, 0 down at 5% interest.

Many residents in Carlsbad are having difficulties finding affordable homes, and the number of homes for sale under \$130,000 is a testament to that. Table 24 utilizes the same AMI bracket and number of homes for sale, but provides additional detail about those homes, such as average home size and average year built.

Table 24: Age and Size of Homes for Sale in Carlsbad by Affordability

Percentage of Area Median Income (AMI)	Homes for Sale Affordable at this Income Level	Average Size (SF)	Average Year Built
Up to 30% AMI	0	NA	NA
30-40% AMI	2	1,068	1970
40-50% AMI	1	630	1950
50-60% AMI	3	1,103	1973
60-80% AMI	18	1,322	1966
80-100% AMI	13	1,409	1966
100-120% AMI	22	1,893	1979
120% + AMI	44	2,596	1987

Source: Zillow.com May 2020

The following Table 25 examines the affordability of existing for-sale housing by the number of bedrooms. It provides the median price of 1, 2, 3 and 4 bedroom homes, and compares that to the

purchasing power (30% of the total household income) given the number of people in the household. It may appear to be positive feedback that no assistance is needed for someone purchasing a 1 bedroom home in the 50% AMI category, however, there were only 2 homes listed for sale in that price point. Thus, without a subsidy, it is difficult to find decent and safe homes for sale for households earning below 80% AMI. The median priced 3-bedroom home (\$234,000) is only affordable for those households earning 120% AMI. The median priced 4-bedroom home (\$335,000) would require an additional \$43,000 down payment in order to be affordable for 120% AMI. The price gap for a 3-bedroom home at 100% AMI could be narrowed by down payment assistance.

Table 25: Affordability of Housing for Sale by Number of Bedrooms, May 2020

Number of Bedrooms	1 Bedroom	2 Bedrooms	3 bedrooms	4 Bedrooms
Household Size	2 Person HH	3 Person HH	4 Person HH	5 Person HH
Number for Sale	2	11	58	28
Median Price	\$85,000	\$180,000	\$234,000	\$335,000
30% AMI Max Price	\$53,956	\$60,751	\$67,445	\$70,302
Affordability Gap	-\$31,044	-\$119,249	-\$166,555	-\$264,698
50% AMI Max Price	\$89,927	\$101,228	\$112,396	\$121,432
Affordability Gap	None	-\$78,772	-\$121,604	-\$213,568
60% AMI Max Price	\$107,911	\$121,495	\$134,889	\$145,704
Affordability Gap	None	-\$58,505	-\$99,111	-\$189,296
80% AMI Max Price	\$143,858	\$161,994	\$179,840	\$194,284
Affordability Gap	None	-\$18,006	-\$54,160	-\$140,716
100% AMI Max Price	\$179,840	\$202,492	\$224,791	\$242,864
Affordability Gap	None	None	-\$9,209	-\$92,136
120% AMI Max Price	\$215,823	\$242,991	\$269,779	\$291,444
Affordability Gap	None	None	None	-\$43,556

Source: Zillow, NM MFA

*Loan assumes 5% APR for 30 years, w/ 5% down

The American Community Survey reported that the median gross rent in 2018 was \$946. This was slightly higher than the median rent found for Eddy County, \$905, and even higher than the state of New Mexico, \$828. However, the lowest price range, 1 bedroom rentals, were \$761 in Carlsbad which is \$77 cheaper than Eddy County. The cheapest rent was for a studio apartment throughout the state of New Mexico for \$584.

Table 26: Median Gross Rent

Median Gross Rent by # of Bedrooms, 2018	Carlsbad	Eddy County	New Mexico
Median Rent	\$946	\$905	\$828
No bedroom	\$799	\$776	\$584
1 bedroom	\$761	\$774	\$665
2 bedrooms	\$926	\$873	\$798
3 bedrooms	\$1,271	\$1,126	\$1,042
4 bedrooms	\$1,578	\$1,562	\$1,255
5 or more bedrooms	None	None	\$1,310

Since 2015, while Eddy County median rent has increased by 18%, and Carlsbad’s has increased by 22%. Assessments of AMI point out that a quarter of the population of Carlsbad can be considered “Very Low Income”, and these high rents create conditions for residents to become cost-burdened.

The current rental market was analyzed through online searches on Zillow and Criagslist. A total of 55 units were found for rent between \$300 and \$3,850, however, only 6 units were for rent under \$1,028. Unlike the for-sale market, the largest number of listings were in the 60-80% AMI category, with nearly half. There were no units available at the 30-40% AMI, or \$513 - \$685/month) and the only unit available under 30% AMI (less than \$513/month) was listed as individual beds for \$150 or the room (with 3 beds) for \$300/month. A picture of this living situation can be found in Figure 12. The landlord stated in the listing that he only utilized the other bedroom during the week to stay for work and went back home on the weekends. This list does not count RVs parks as they are not permanent housing. Thus, the biggest need for rentals remains under 50% AMI.

Figure 12: Beds for Rent



Table 27: Change in Average Rents in Carlsbad, 2016 - 2018

Averages	2016	2017	% Change	2018	% Change	2018 Fair Market Rent**	2020 Fair Market Rent**
0 bedrooms (studio)	\$709	\$715	1%	\$799	12%	\$612	\$697
1 bedroom	\$577	\$644	12%	\$761	18%	\$616	\$702
2 bedrooms	\$788	\$907	15%	\$926	2%	\$819	\$924
3 bedrooms	\$1,152	\$1,192	3%	\$1,271	7%	\$1,191	\$1,333
4 bedrooms	\$1,224	\$1,369	12%	\$1,578	15%	\$1,331	\$1,616

Sources: American Community Survey

**Calculated by HUD, 2020

Monthly rents were obtained by the Census for 2016, 2017 and 2018. Table 27 shows the steady increase in rental rates, where no rates dropped. The smallest increase in rent was for studio apartments from 2016 to 2017, which was 1%. That smallest increase that was more recent, from 2017 to 2018 was for 2 bedroom units and the increase was only 2%. However, when these figures are compared the Fair Market Rate published by HUD, they appear to be much higher than fair market. The gap between current rental rates and fair market rates is higher the smaller the bedrooms for studio – 3 bedroom units. Specifically, studio units are priced \$187 higher, 1 bedrooms are \$145 higher, 2 bedrooms are \$107 higher and 3 bedrooms are \$80 higher than fair market rent. The largest gap, which is out of character for this trend, is with 4 bedroom units, where rental rates are \$247 higher and fair market rent. Since 2016, the highest overall increase for rent in Carlsbad was in 1 bedroom units, at 30%.

Table 28: 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 May 2020
\$20,550	Up to 30% AMI	1,491	\$513 or less	1
\$20,550 - \$27,400	30-40% AMI	596	\$513 - \$685	0
\$27,400 - \$34,250	40-50% AMI	596	\$685 - \$857	1
\$34,250 - \$41,100	50-60% AMI	744	\$857 - \$1,028	4
\$41,100 - \$54,800	60-80% AMI	1,326	\$1,028 - \$1,370	26
\$54,800 - \$68,500	80-100% AMI	1036	\$1,370 - \$1,713	10
\$68,500 - \$82,200	100-120% AMI	1005	\$1,713 - \$2,055	8
\$82,200 +	120% + AMI	3,853	\$2,055 and up	5

Sources: American Community Survey, Zillow.com, Craigslist

*Income range assumes four-person household, monthly rent is 30% of HH income

Table 29 compares the average rental rates from Figure 27 against the affordability of different AMI levels. The max price listed is 30% of the area median income by number in household. 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 (\$1,440 for one –person household up to \$23,850 for a 6-person household) have the greatest need for subsidies (between \$350 and \$9716 per household per month) while those at 50 percent of the area median (\$24,000 to \$39,750, depending on household size) also would also need monthly subsidies (\$70 to \$346), depending on household size. At 60 percent of AMI, households still have a need for assistance up to \$161 per month, except for a 2 person household in a one bedroom unit. The 80% AMI households would not be considered cost-burdened by these rents and would therefore not require a subsidy.

Table 29: Rental Subsidies Needed at Various AMI Percentages

	1 Bedroom		2 bedrooms		3 bedrooms	
Average Rent 2018	\$761	\$761	\$926	\$926	\$1,271	\$1,271
Person in HH	1 HH	2 HH	3 HH	4 HH	5 HH	6 HH
30% AMI	\$14,400	\$16,440	\$18,510	\$20,550	\$22,200	\$23,850
30% AMI Max Price	\$360	\$411	\$463	\$514	\$555	\$596
Affordability Gap	-\$401	-\$350	-\$463	-\$412	-\$716	-\$675
50% AMI	\$24,000	\$27,400	\$30,850	\$34,250	\$37,000	\$39,750
50% AMI Max Price	\$600	\$685	\$771	\$856	\$925	\$994
Affordability Gap	-\$161	-\$76	-\$155	-\$70	-\$346	-\$277
60% AMI	\$28,800	\$32,880	\$37,020	\$41,100	\$44,400	\$47,700
60% AMI Max Price	\$720	\$822	\$926	\$1,028	\$1,110	\$1,193
Affordability Gap	-\$41	\$61	-\$1	\$102	-\$161	-\$79
80% AMI	\$38,400	\$43,840	\$49,360	\$54,800	\$59,200	\$63,600
80% AMI Max Price	\$960	\$1,096	\$1,234	\$1,370	\$1,480	\$1,590
Affordability Gap	\$199	\$335	\$308	\$444	\$209	\$319

Source: HUD, NM MFA, American Community Survey

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” where living situations are very temporary in nature and not regulated. Permanent RV and Mobile home parks are listed in the following chart. Based on telephone interviews with some parks, occupancy was down as far as 25% because oil workers were not present due to the surplus in oil as a result from the nationwide (global) lock down to help contain the Coronavirus outbreak. Many RV parks were offering a discounted monthly rate and even trying weekly rates to help entice customers. Many RV parks did not offer daily rentals. RV parks that did offer daily rates also advertised to nightly campers. Table 30 provides a breakdown of those 21 known facilities offering a total of roughly 1,300 spaces.

Table 30: RV & Mobile Home Parks in Carlsbad

Mobile Homes and Rv's	No. of Spaces	Average Daily Rate	Monthly Rate
Carlsbad KOA	110	\$65	Call
Carlsbad RV Park & Campground	138	\$52	\$700
Bass RV			
Taylor RV Park	36		
Cowboys Country RV Park	150	Monthly/Weekly Only	\$650
Keystone Mobile Home Park	33		\$400
Lakewood RV Park			
Bonaventure Texas Mobile Home Park	42		\$225
Bud's Place RV Park			
Pecos River RV Park	20	\$35	\$530
Saddleback Village			
Windmill RV Park	60		\$600
El Dorado Estates Mobile Home & RV Park	94		\$500
Dark Canyon RV Park			
WW RV			
Park Place Mobile Home Park	26		\$100
Horseshoe Creek RV Park	265	Monthly Only	\$650
Coyote Flats RV Park		Monthly Only	\$825
Sunwest Mobile City	350		
Brantley Lake	51	\$13	
Bonnie and Clyde's Getaway RV Park	40	Monthly Only	\$650
Total	1305		\$530

Source: Online Booking, Phone Calls, Websites

According to local contacts and news reports, hotel and motel rooms in Carlsbad are also being used as long-stay housing for mining and construction workers, driving up room costs. Rental rates are not publicly available, as they are used by the hotel industry to determine nightly rates. One indicator of the increased demand for hotels and motels in the area, is the construction of 6 new facilities since the previous Affordable Housing Plan had been completed. Table 31 is a comprehensive list of all hotels, motels and bed 'n breakfast's in Carlsbad.

Table 31: Hotel and Motel Rooms in Carlsbad, NM

Hotel/Motel	No. of Rooms	Avg. Rate
Trinity Hotel	9	\$150
Fiddler's Inn	6	\$161
Country Livin	4	\$45
Carlsbad Inn	30	\$59
Days Inn	60	\$59
Karbani Inn	30	\$61
La Quinta	96	\$169
TownePlace Suites	94	\$199
Great Western Inn & Suites	84	\$50
Comfort Inn & Suites	87	\$135
Hampton Inn	84	\$143
Holiday Inn Express	80	\$158
Fairfield Inn & Suites	91	\$169
Econo Lodge	124	\$48
Motel 6	73	\$56
Stevens Inn	205	\$129
Sleep Inn & Suites	75	\$134
Post Time Suites	40	\$109
Rodeway Inn	60	\$60
US Travelers Inn & Suites	53	\$124
Quality Inn & Suites	44	\$122
Parkview Motel	30	\$70
Candlewood Suites	81	\$218
Stage Coach Inn	55	\$309
Caverns Motel	46	\$99
Royal Manor	26	\$45
Executive Suites Hotel	90	\$45
Continental Inn	60	\$60
La Fonda Motel	14	\$55
Average	63 (1,831 Total)	\$112

Source: Carlsbad Department of Development and online booking

The developer/construction industry has responded to the demand in the area, providing an average of 131 new homes per year since 2015 and a total of 1,601 new units. 715 new single family homes since 2015 account for 45% of all residential development. 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 upside down in their mortgage. A total of 670 new apartment units have been constructed since 2015 accounting for 42% of all residential development. The remaining 13% of residential development was for manufactured homes.

New for-sale housing has been constructed, in the permitting or platting stage in several recent developments:

- Cielo Lindo Subdivision: single family housing, 127 new lots to be created. Project has been approved by the City, work is currently underway.
- Flumes Subdivision: single family housing, 354 new residential lots. Project has been approved by the City. Still in the planning stages.
- Martin Farms Subdivision. Unit 3: single family housing, 51 new residential lots created. Project has been approved by the City, work is underway.
- Oasis Subdivision, Phase 1: single family housing, 135 new residential lots created. Project has been approved by the City, work is underway.
- Sunwest Subdivision Unit 8: single family housing, 58 new residential lots created. Project has been approved and work is underway.
- Arrowstone Apartments: Phase 1 will be 100 new apartment units. Plans are under review.
- Carlsbad Apartments: 120 new apartment units will be built. Plans have been approved and work is underway.
- White Oak Apartments: 189 new apartment units will be built. Plans are under review.
- Village at Carlsbad Apartments Phase 2: 96 new apartment units will be built. Plans are under review.

There is a limited amount of vacant land served by infrastructure (water, sewer, roads, power) that is for sale at reasonable prices. Overall, the City of Carlsbad has 5,484 acres of vacant land, making up 30% of the property in city limits. Single-family home builders in the area have been constructing on average 131 homes per year, for the last 5 years, at prices affordable to those with annual incomes at 100% of the Area Median Income or AMI (\$68,500) and higher. In May of 2020, 26 vacant lots were listed for sale on Zillow.com with an average size of 18 acres and an average price of \$48,000 per acre. Residential lots roughly ¼ acre were listed for \$20,000, which equates to \$80,000 per acre. These lots did not appear to have infrastructure in place and had been on the market for nearly one year.

Table 32: Cost and Availability of Land in Carlsbad, May 2020

No. of Lots for Sale	Parcel Sizes (Acres)	Average Parcel Size	Price Range per Parcel	Average Price per Acre	Price Range per Acre
26	0.2 - 100	17.9 Acres	\$20,000 - \$4,800,000	\$48,076	\$7,581 - \$180-556

Source: Zillow and Carlsbad Department of Development

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 capture due to the many off-grid living situations, 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 60% of the area median income cannot afford average rents in more than 70% of apartment units, even if they were available. They are obliged to overextend their finances or increase the number of renters per unit.
- Households with incomes from 80 - 100% 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 50% of median would need subsidies in order to purchase.
- All of the subsidized apartments in Carlsbad have wait lists over 1 year.

3. 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 Census, 19% percent of Carlsbad households may be experiencing a housing cost burden. Renters make up a slightly higher percentage of this group (10%) than homeowners (9%). Table 33 shows the relation from 2015 and 2018 between homeowners and renters.

Table 33: Cost-Burdened Households

Carlsbad Households with Cost Burden	2015	% with Cost Burden	2018	% with Cost Burden	2015-2018 % change
Homeowners	1,217	12%	1,008	9%	-17%
Renters	1,126	11%	1,045	10%	-7%
Total Households	10,329	23%	10,677	19%	-15%

2018 American Community Survey 5 Year Estimate Data indicated that in general, cost burdened households have decreased in number in Carlsbad from 2015 to 2018. However, in 2018 a greater percentage of renter occupied households were cost burdened than owner occupied households, in 2015 the opposite was true. Table 34 below shows that in 2018, Carlsbad's trend of higher cost burden for renters versus owners continued. The greatest cost burden for both Carlsbad and Eddy County was to households making \$34,999 or less.

Of renters with a cost burden, 43 percent earn less than \$20,000 a year. These percentages drop nearly in half, 22 percent among those earning between \$ 20,000 and \$35,000. Similarly, 28 percent of renter households are cost-burdened which earn between \$35,000 and \$50,000. Households earning \$50,000 and above still spend more than 30 percent of their income on housing.

Of homeowners with a cost burden, nearly 42 percent have incomes less than \$ 20,000 a year and 21 percent have incomes between \$20,000 and \$35,000. Trends for cost-burdened homeowners mimic renter households, with the exception of those earning between \$50,000 and \$75,000. This earning category is 10% cost-burdened as opposed to renters in this income level who are only 2% cost-burdened.

Table 34: Cost-Burdened Households by Income Level

Cost-Burdened Households by Income Level, 2018								
	Carlsbad				Eddy County			
	Owner Occupied Units		Renter Occupied Units		Owner Occupied Units		Renter Occupied Units	
	Number	Percent*	Number	Percent*	Number	Percent*	Number	Percent*
Total Occupied Households	7,267	68%	3,410	32%	15,057	71%	6,207	29%
Households paying 30% or more on housing	1,008	14%	1,045	31%	2,249	15%	1,731	28%
Number and Percentage of Cost-Burdened Households by Income of Household								
Less than \$20,000	428	42%	447	43%	1,069	48%	677	39%
\$20,000-\$34,999	216	21%	277	22%	517	23%	650	38.5%
\$35,000-\$49,999	224	22%	289	28%	404	18%	316	18%
\$50,000-\$74,999	97	10%	26	2%	216	10%	82	5%
\$75,000 or more	43	4%	6	1%	43	2%	6	0.3%

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

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 1,008 homeowner and 1,045 renter households in Carlsbad pay more than 30 percent of their incomes for housing. A higher proportion of renters than homeowners in the city than in Eddy County 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. 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.

Overcrowded Households

Based on Census estimates reported in the previous section, **378 households live in overcrowded conditions** and **160 households live in extremely overcrowded** conditions in Carlsbad. This is an increase of 66% from 2015 for overcrowded conditions and a 132% increase for extremely overcrowded conditions. The housing shortage has also led to issues with overcrowding of existing homes, as residences are rented out to more and more workers sharing one home. Overcrowding of homes has also led to parking issues in some neighborhoods that are overrun with too many cars competing for limited on-street parking. Current vacancy rates, at 14%, can negatively impact affordability and create conditions that could lead to overcrowding of units. The Fire Department has identified a need for increased personnel for Fire Marshall inspections to keep up with the overcrowding of buildings.

Affordable Rental Housing

There are no vacancies for rental apartments that were classified as affordable units. There are approximately **213 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.

No units were vacant in May 2020, and phone interviews with property managers identified that wait lists for all properties were at minimum 1 year and at most 3 years for subsidized units at these complexes (prospective renters could be on more than one list.)

Homeless Individuals

The Continuums of Care to the U.S. Department of Housing and Urban Development (HUD) reported in January of 2019 that the state of New Mexico had an estimated 3,241 experiencing homelessness on any given day. Given the statewide population of roughly 2.1 million, roughly 0.15% of New Mexicans are experiencing homelessness. If that same figure is applied to the City of Carlsbad's population of 28,838, that would mean roughly 43 are homeless.

The 2015 Carlsbad Affordable Housing Plan stated that “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.

The City of Carlsbad has identified the need to provide an emergency/homeless shelter to house evacuees during emergency events and provide shelter to the homeless population. Some resources identified in the City of Carlsbad Comprehensive Plan include:

- Carlsbad Transitional Housing and Homeless Shelter: The overnight shelter is open in various church locations throughout Carlsbad for those that need overnight shelter. These shelters provide overnight services, shower facilities, and meals.
- Carlsbad Schools Federal Programs Support: The Carlsbad School District has stepped in to support families that are in temporary housing situations. This has involved creating contacts between families, housing support, and working with non-profits to provide food and clothing support to students and their families. Housing for teachers and staff remains a strong priority for the District. For the last two school years the District has experienced faculty shortages primarily due to lack of affordable housing. Attracting teachers to Carlsbad has been particularly difficult. While the District compensates teachers with a higher than average wage, affordable housing options are preventing teachers from relocating to Carlsbad. The District would like to coordinate with the City to discuss

Senior Rehabilitation and Rental

The median income for residents 65 years and older in 2018 was \$39,523. 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. Roughly 10% of cost burdened renters, or 105 total, are elderly and 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. 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.** If RV are estimating an occupancy rate between 25 and 40%, that would equate to roughly **320 - 520 employees** living in mobile home/RV parks in Carlsbad and at least 100 in temporary camps .

- **Hotel /Motel residents.** Of the approximately 1,800 hotel /motel rooms in the Carlsbad area, an estimated 70 percent were occupied by oil & gas workers prior to the nationwide lock down and drop in demand for oil.
- **Needs from Employer Survey.** According to employers, about **14%** of their employees are in need of long-term rentals, roughly 10% are in need of homes to purchase and no employees were in need of short-term rentals.
- **Future Needs.** Looking to the future at unfilled jobs and expected future hires, employers anticipate a need for 200 affordable rentals (below 50% AMI), roughly 300 workforce rentals (between 60% and 80% AMI), and 200 market rate houses. These needs identified by employers don't mimic the market analysis, as these existing and future employees will have salaries higher in the AMI range.

Future Projections

Given the uncertainty in the existing population for the City, coupled with the cyclical nature of the oil and gas industry, it is difficult to forecast the future population of Carlsbad. Although official projections show Carlsbad growing to about 30,000 residents in the next 25 years, the City's population is likely already much higher. The 2020 Census should provide a more accurate count of the population, although the upcoming Census may also undercount those workers who claim their place of residence in other states.

The Carlsbad Comprehensive Plan that was recently completed in 2019 provided an array of population growth projections out to 2040. The medium growth scenario utilized a declining growth rate for years further out; 1.2% for 2020 and 202 and 0.75% for the years after. Under this scenario, the population of Carlsbad in 2040 would be 55,493. The low growth scenario anticipated a 2040 population of 34,664 while the high growth scenario estimated a population of roughly 83,000. Based on the 5% growth between 2015 and 2018, the annual average growth rate for the City of Carlsbad is roughly 1.7%. If this trend continues over the next 5 years from the 2018 data, we could expect a 2023 population of 31,374, and increase of 2,536.

C. Types of Housing Needs

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 \$15 per hour and below (an annual income of less than 50 percent AMI), 2) the general workforce earning between \$16 and \$25 an hour (50% to 80% of the area median income or from \$33,055 to \$52,888 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 is currently 4.5%, 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 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 for middle income households earning between 60% and 100% AMI would be priced from \$130,000 to \$217,000 given a mortgage payment that is 30% of their income. Prices for new production homes for 100% to 120% AMI would allow a mortgage payment between \$217,000-\$260,000. This assumes a 30-year fixed mortgage with 5% interest, at 30% of the annual household income.

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 Carlsbad available for this population is subsidized apartments, listed previously, which currently have a 3 year 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.

Housing Resources

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, they administer 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).

Inter-faith Housing

Headquartered in Santa Fe, NM, New Mexico Inter-Faith is a member of the Inter-Faith Group. NMIF relies upon over 50 years of experience with Texas Inter-Faith Housing Corporation, Texas Inter-Faith Management Corporation, and Portfolio Resident Services, Inc. These organizations have the specialized expertise, long-standing reputation and proven business practices to deliver affordable housing development, property management, as well as resident services.

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.

4. 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 oil & gas industry.
- High land, construction, and infrastructure costs.
- Developer wariness

A. Existing Plans and Land Use Policies

The Carlsbad Comprehensive Plan was adopted in January 2020. 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 as well as several new single family subdivisions. 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.

This plan served as a snapshot of current housing conditions in 2017 as a way to circle back from the 2015 Affordable Housing Plan. Data in the document was for the City of Carlsbad and Eddy County. Key take-aways from the report include:

- All 1,228 apartment units in Carlsbad were 100% occupied with 125 people on wait lists.
- Rental rates at the time were between \$850 and \$1,530, which were a 10% increase from the previous year.
- The rise in temporary workers has filled up apartments, hotels/motels, RV camps, which pushes rent and housing prices higher.
- Employers are having difficult filling jobs due to the lack of housing available and its high costs.
- Despite the addition of 2,116 housing units since 2010, rental vacancy rates are at 90-100% occupied.
- Average rents for more than 75 percent of the apartment units in Carlsbad in 2017 were \$900 for a onebedroom,
- \$1,172 for a two-bedroom, and \$1,329 for a three bedroom. These are unaffordable for households with income below 80 percent of AMI (area median income) without a subsidy.

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. The Executive Summary from the study reported:

- **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.

The City of Carlsbad zoning ordinance was updated in 2009. It contains three residential zones including 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 35: Carlsbad Zoning Categories

2017- Current Carlsbad Zoning						
Zoning Category	Permitted Residential Uses	Conditional Residential Uses (requires conditional use permit)	Minimum Lot Size & Dimensions	Minimum Street Frontage	Setbacks	Maximum Height
R-R: Rural Residential	Business residence Employee housing Manufactured home/ multi section* Mobile home (1 per lot)* Mobile home park* Mobile home subdivision (1 per lot)* Multi-generational dwelling Rooming/boardin g house SF detached dwelling Community home Community living setting Residential care facility	Multiple family dwelling SF attached dwelling including duplexes and condos All other household living Congregate Residence All other group living	10,890 sf (with city utilities); 43,560 sf or one acre (without city utilities)	75' 110'	Front: 30/20* Side: ** Rear: 20'	40'

<p>R-1: Moderate-Density SF Residential</p>	<p>Employee housing Manufactured home/ multi section* Multi-generational dwelling SF attached dwelling, including duplexes and condos SF detached dwelling Community home Community living setting</p>	<p>Rooming/boardin g house All other household living Congregate residence Residentials care facility All other group living</p>	<p>6,000 sf</p>	<p>50'</p>	<p>Front: 30/15'* Side:** Rear: 10'</p>	<p>40'</p>
<p>R-2: Higher-density SF, Duplex, Multi-Family, Mobile Home Parks and Subdivisions</p>	<p>Employee housing Manufactured home/ multi section* Mobile home park* Multi-generational dwelling Multi family dwelling Rooming/boardin g house SF attached dwelling, including duplexes and condos SF detached dwelling Community home Community living setting Congregate Residence Residential care facility</p>	<p>Mobile home subdivision (1 per lot)* All other household living All other group living</p>	<p>2,500 sf</p>	<p>50'</p>	<p>Front: 0' Side: ** Rear: 10'</p>	<p>40' (50' in 2015)</p>

C-1: Neighborhood -scale retail, office and customer services	Business residence Employee housing Manufactured home/ multi section* Multi-generational dwelling Multiple family dwelling Rooming/boardin g house SF attached dwelling, including duplexes and condos SF detached dwelling Community home Community living setting Congregate residence Residential care facility	Mobile home park* Mobile home subdivision (1 per lot)* All other household living All other group living	2,500 sf	50'	Front: 0' Side: ** Rear:***	50'
C-2: Community and regional- scale retail and commercial uses	Business residence Community home Congregate residence Residential care facility	Employee housing Mobile home park* Multi-family dwelling All other household living Community living setting All other group living	N/A	50'	Front: 0' Side: 10' Rear: ***	N/A
I: Heavy or concentrated fabrication, production, research manufacturin g and industrial uses	(No other types allowed)	Business residence All other household living All other group living	N/A	100'	Front: 0' Side:20' Rear: ***	N/A or as regulate d by the FAA

PUD: Planned Unit Development	(No types specified)	Any use MAY be included in a PUD zoning district, but must be reviewed and approved according to Section 56-150(k) of the Zoning Ordinance	None specified
ASTERISK LEGEND: *, **, and *** refer to subsections detailing special requirements for: SETBACKS: p 71 (of pdf doc) PERMITTED USE CONDITIONS: p 51-55 (of pdf doc)- Mobile home and RV requirements			

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.

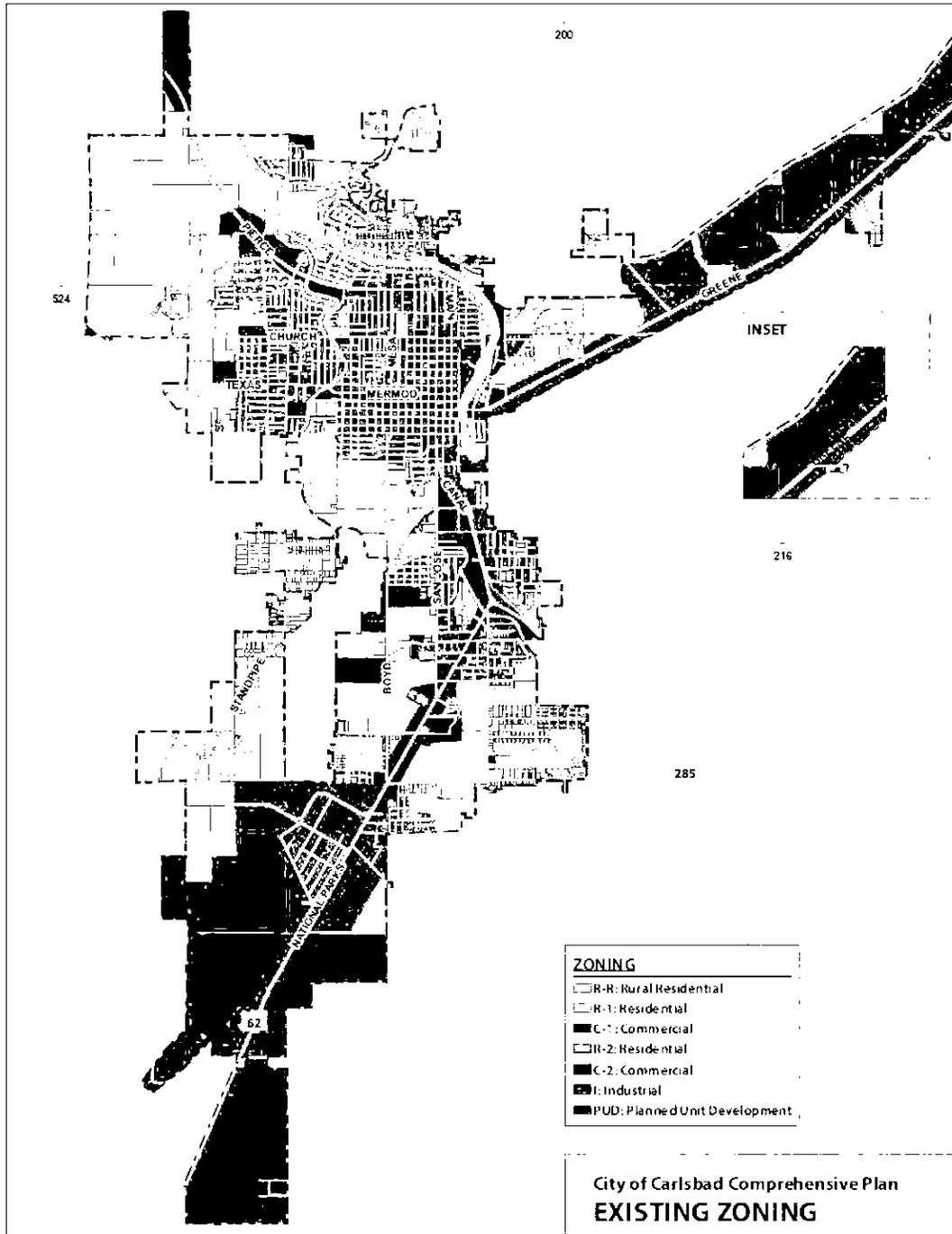
Fees. The city does not have impact fees and, in fact, reimburses up to 15 percent of qualifying infrastructure costs for new construction. Water connection fees for a typical ¾-inch line run about \$2,500. Sewer connection costs vary as they include costs to repair road and alley cuts.

Development process. New subdivision developments can take up to 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 13: Carlsbad Existing Zoning Map



B. Government 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.

Water Availability

The City of Carlsbad owns and operates a municipal water system with two separate well fields; the Sheep Draw Well Field (Capitan Aquifer) and the Double Eagle Water System. Approximately 98 percent of the water for the system comes from groundwater pumped from nine wells located in the Sheep Draw Well Field, which is located approximately seven miles southwest of Carlsbad in the foothills of the Guadalupe Mountains (Carlsbad Water 2019a). The Sheep Draw Well Field covers all public water systems with potable water. The remaining two percent of water is provided by groundwater pumped from 11 wells within the Double Eagle Well System, which provides non-treated water for livestock, governmental domestic, commercial domestic, and industrial purposes (Carlsbad Water 2019b). The Double Eagle Well System is located approximately 40 miles northeast of Carlsbad, near Maljamar, New Mexico. According to the City of Carlsbad Municipal Water System 2018 Annual Consumer Report, the water department

distributed 2.7 billion gallons of water to roughly 10,700 Carlsbad households (U.S. Census Bureau 2020). Drinking water for the City of Carlsbad currently meets or surpasses all federal and state drinking water quality standards. The Capitan Aquifer is a reliable source of recharge for the residence of Carlsbad, and water availability would not be considered a limiting factor for development.

Safety Issues. On a larger scale, Eddy County has an underground network of high-pressure gas lines to support the oil and gas industry, a mainstay of the local economy. Although these do not present a problem in and of themselves, construction or landscaping improvements in close proximity to high pressure gas lines could create a dangerous explosion, putting at risk the lives of workers and nearby residents. If any excavation is to take place, a line-locate should be requested prior to any activities to establish an appropriate buffer for existing utilities.

Liquid Waste Disposal

The City of Carlsbad Water Department owns and operates the Carlsbad Sewage Collection System. The sewage collection system provides wastewater collection services via a combination of gravity-fed and pump lift stations. Sewage is gravity-fed until it reaches one of twelve lift stations which feed one primary lift station that collects and feeds the Carlsbad Wastewater Treatment Plant (WWTP; Carlsbad Wastewater 2019). The Carlsbad WWTP is located on the east side of the Pecos River in the Telltale Bluffs. According to the Wastewater and Sewer Department for the City, the Carlsbad WWTP processes over 2.5 million gallons of sewage a day, and has the capacity to process as much as 6 million gallons of sewage per day. Liquid waste disposal would not be considered a limiting factor for development.

City Regulations. Development within Carlsbad should follow City regulations/specifications in regards to the modification or installation of any water or sewer system improvements. This is best accomplished by contacting the City of Carlsbad Water Department to determine permits, forms, and documents that would be required in association with any development project.

Environmental Constraints

Slopes

Figure 15 displays the slope of land surface with slopes greater or equal to 20% shown in red. There are few areas of private, potentially developable land in Carlsbad that are impacted by slopes of 20 percent or more. The area with the largest slopes that would impact development is located in northwest Carlsbad, surrounding the Living Desert Zoo & Gardens located at 1504 Miehl Dr. Carlsbad, NM.



Figure 14: Slopes in Percent in Carlsbad, NM

Flooding is a potential constraint to developing along the Pecos River and its tributaries. The maps below and in detail in Appendix D show base flood elevations in Carlsbad as well as locations along the Pecos and tributaries where there is a one percent annual chance of a flood shown in blue (100-yr Floodplain), and a 0.2 percent annual chance of flood shown in orange (500-yr floodplain). A high proportion of land within Carlsbad is either within the 100-yr or 500-yr floodplain. Much of these areas contain residential property, especially in near the intersection of US-180 & US-285.

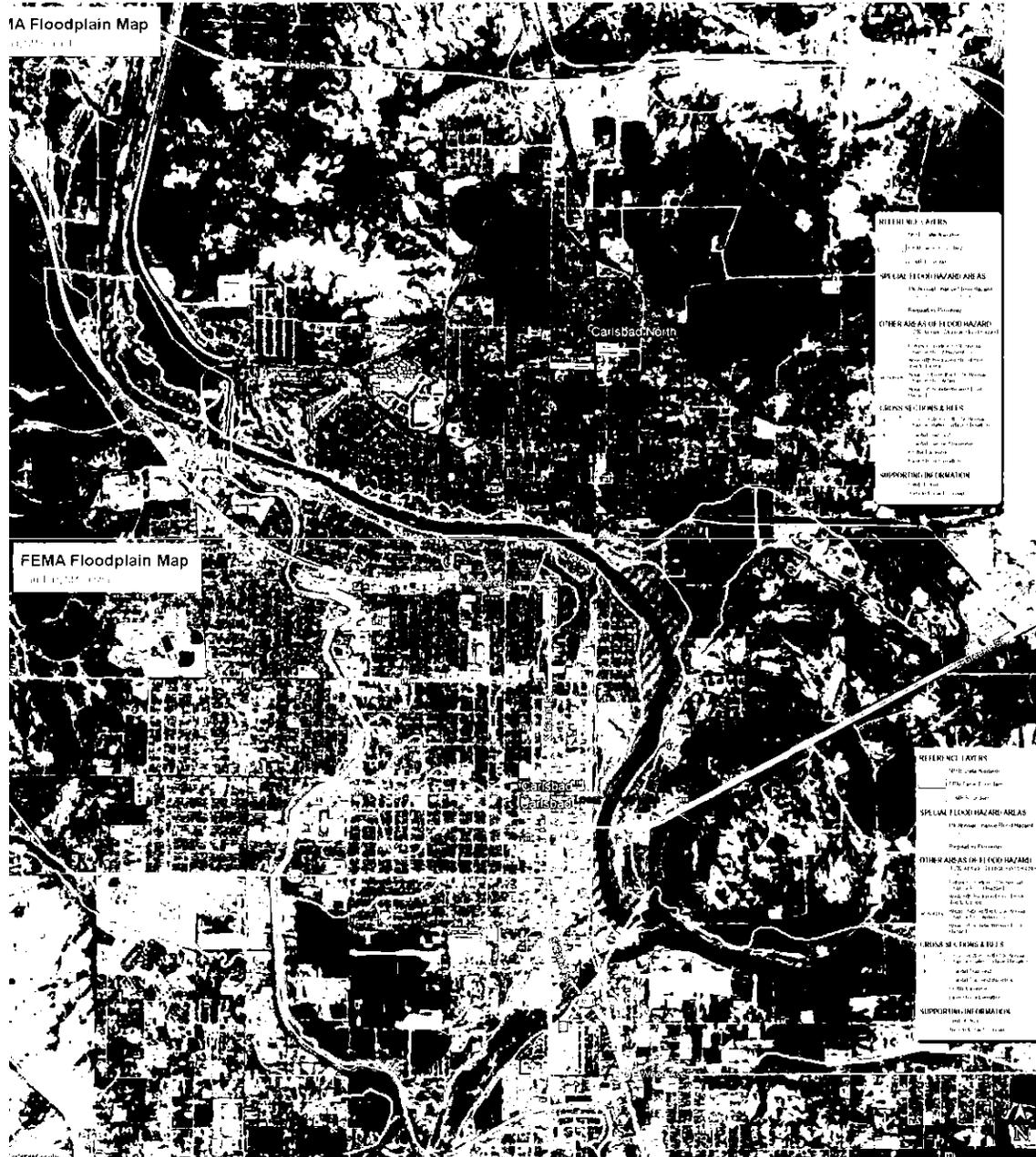


Figure 15: Floodplains in Central Carlsbad

Oil and Gas Wells

There are 107 oil or gas wells within the limits of Carlsbad, NM. While most of these wells, both active and plugged, are on federal and state-owned land, some are located on or in close proximity to potential residential areas. Companies also have the mineral rights to tunnel beneath residences to mine minerals.

By Status:

- 34 of these 107 wells are New or Active wells
- 73 out of 107 are plugged or cancelled

By Type:

- 56 Gas
- 46 Oil
- 5 Misc.

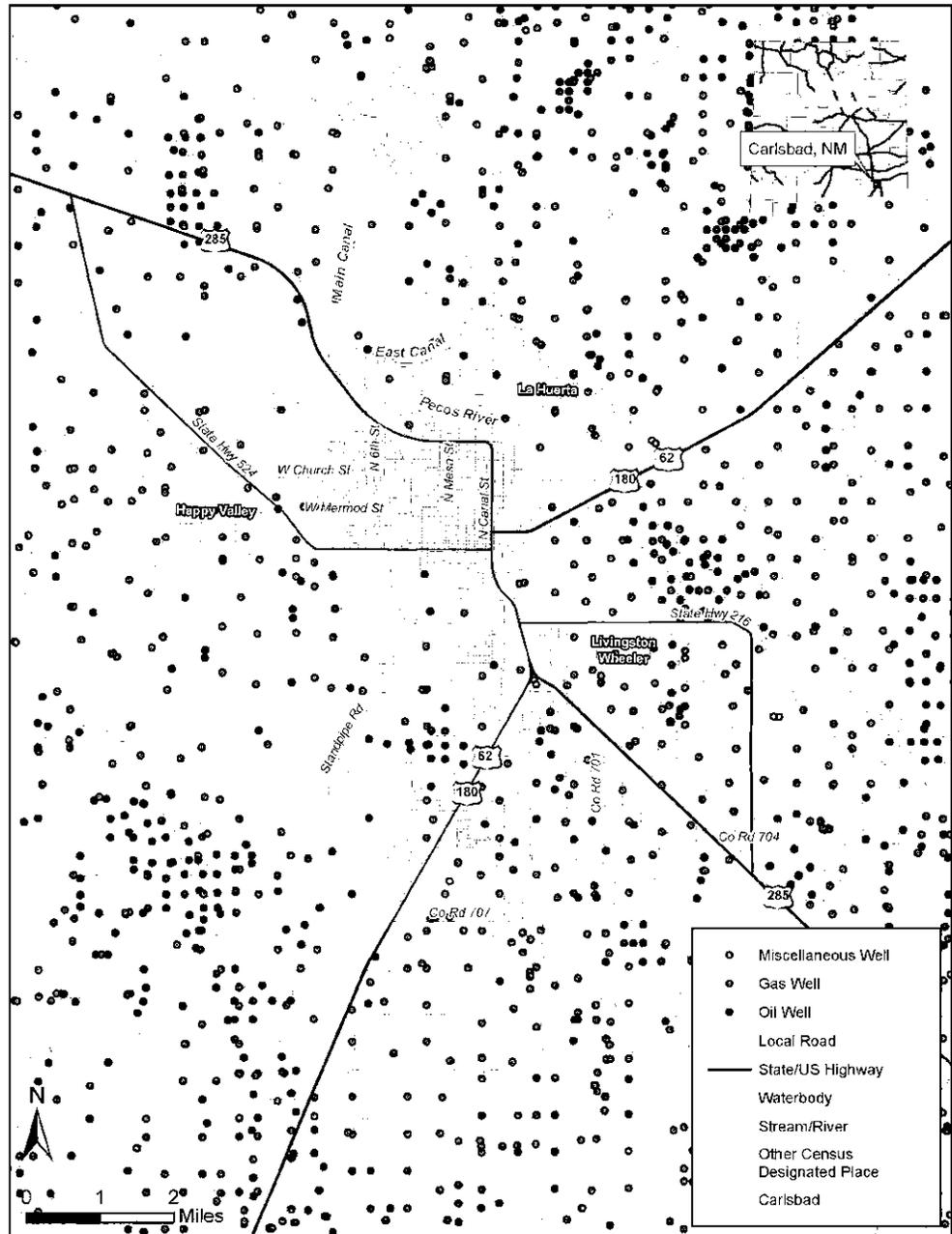


Figure 16: Oil & Gas Wells in Carlsbad

Salt Injection Wells

Salt injection or brine disposal wells can pose a danger of land subsidence or sink holes, as has occurred in the Carlsbad area in the past. As shown in Figure 18, there are 5 salt water disposal wells in Carlsbad.

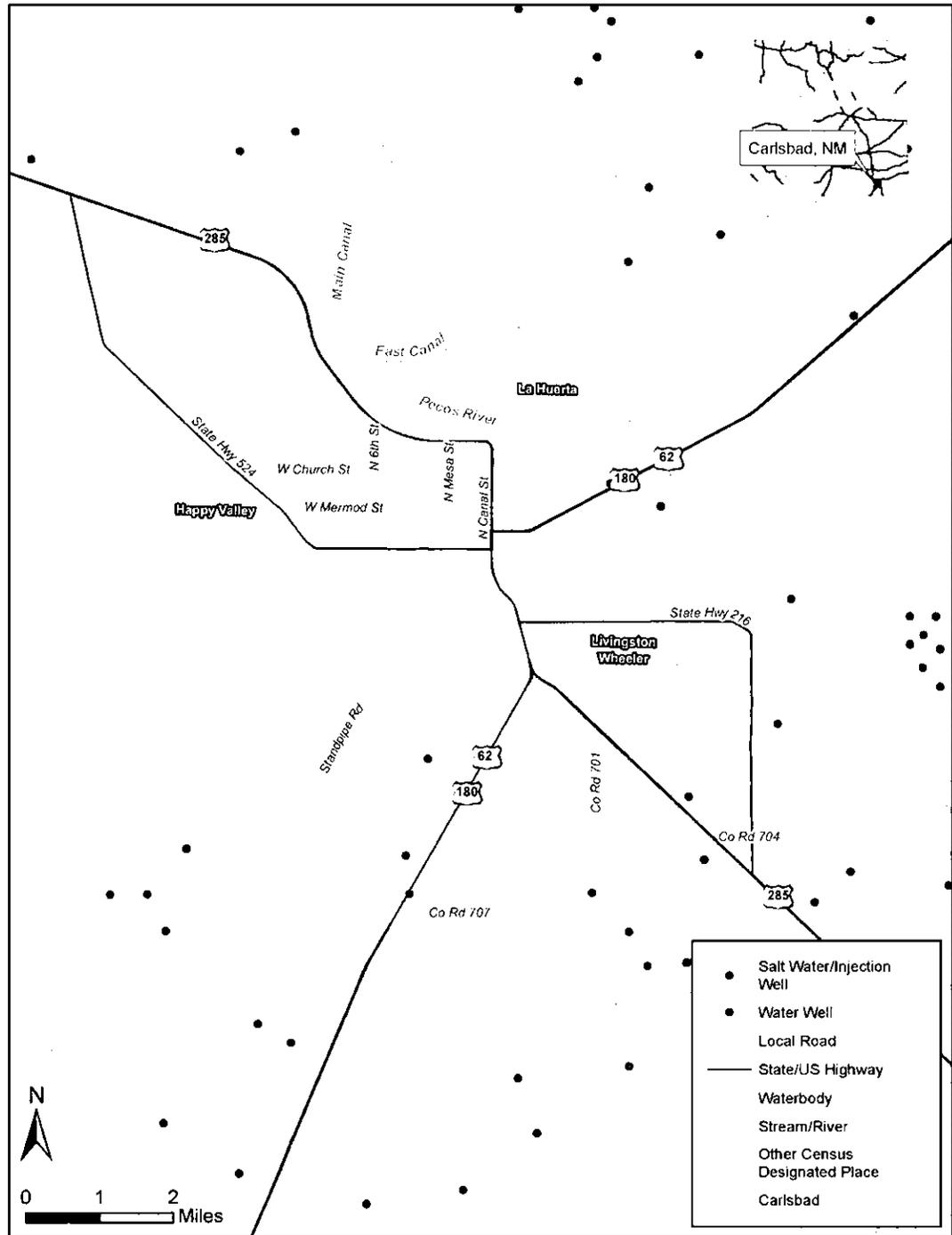


Figure 17: Salt Water Wells in Carlsbad

Man Camps

Man-camps are temporary housing communities that are set up for the purpose of housing workers. Generally, these man camps are set up in areas where there are little regulations and that are in proximity to manual labor work sites. Typically, workers who live in such dwellings are highly paid and are living in the area strictly for employment in a well-paid fields such as oil and gas extraction. In Carlsbad where there is a rapid expansion in oil and gas extraction, these man camps surround the city limits in parts of unincorporated Eddy County. In particular, these man camps tend to exist in clusters on the south side of Carlsbad and in relative proximity to oil and gas fields as seen in Figure 19. Man-camps pose challenges as their purpose is to avoid regulations that seek to maintain the health and welfare of residents. Additionally, it adds an increased burden on local resource consumption without compensation as tax-revenue is limited from such communities.

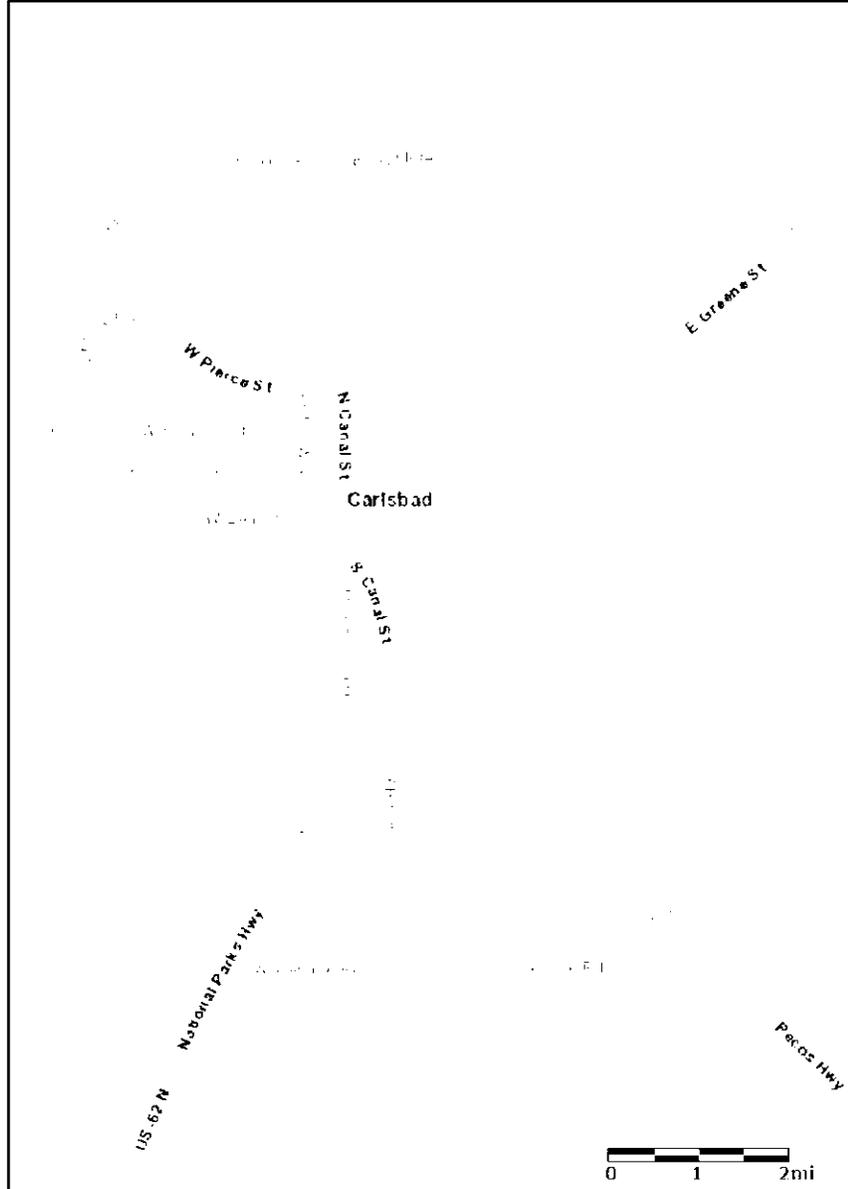


Figure 18: Man-Camps Surrounding Carlsbad

In May of 2020 a total of 53 violations for non-compliant liquid waste permits were issued by the New Mexico Environment Department. These violations are issued to a single property with multiple people living temporarily on-site. The total number of residents living in these conditions is unknown as it is an unpermitted situation that fluctuates frequently.

5. Goals, Policies and Quantifiable Objectives

Goals and Policies

The City of Carlsbad Comprehensive Plan, adopted in September of 2019, 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 2020 Affordable 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

Housing & Neighborhood Goal 1

Increase the supply, type and diversity of housing in Carlsbad

Objectives

- To address the current unmet housing needs for all household income levels in Carlsbad.
- To increase the supply of market rate, workforce, and student rental and owner-occupied housing in Carlsbad.
- To provide transitional and supportive housing options for special populations, including homeless persons, veterans, people with disabilities, and seniors.

Housing & Neighborhoods Strategy 1.1

Actively promote and utilize the City's 2019 Short Term Housing Strategy to generate interest from developers and builders to construct new rental and owner-occupied market rate, workforce, and student housing.

Housing & Neighborhoods Strategy 1.2

Secure funding for acquisition of properties that would be appropriate for affordable housing projects.

Housing & Neighborhoods Strategy 1.3

Identify City-owned land and buildings that are appropriate and available for donation to an affordable housing program.

Housing & Neighborhoods Strategy 1.4

Develop incentives, such as density bonuses, fee waivers, and land donations, for private developers to build affordable housing for income-qualified households, including but not limited to special populations (i.e., veterans, seniors, people with disabilities).

Housing and Neighborhoods Strategy 1.5

Secure funding for an emergency/ homeless shelter to house evacuees during emergency events and shelter to the homeless population in Carlsbad and Eddy County.

Housing and Neighborhoods Strategy 1.6

Initiate the development of a community outreach program to provide information on available affordable housing programs, credit counseling, first time home buyer programs; rehabilitation and

maintenance assistance programs for seniors and veterans; down payment and closing cost assistance; and referrals to local lenders approved by New Mexico Mortgage Finance Authority.

Housing & Neighborhood Goal 2

Promote the revitalization and stabilization of existing residential neighborhoods in Carlsbad.

Objectives:

- To preserve the character, identity, and integrity of established neighborhoods.
- To encourage the rehabilitation of existing substandard and abandoned housing structures in existing neighborhoods.
- To encourage the on-going maintenance of rental and owner-occupied properties.
- To ensure public reinvestment and improvements in existing neighborhoods.

Housing & Neighborhoods Strategy 2.1

Identify opportunities and coordinate with local and regional housing providers, such as the Eastern New Mexico Housing Authority and Southeast New Mexico Community Action Corporation, on applying for rehabilitation funds for single family homes from the HOME Investment Partnership Program and USDA Rural Development Section 504 Home Repair grants for eligible seniors aged 62 and older.

Housing & Neighborhoods Strategy 2.2

Develop a program to acquire vacant and abandoned houses with clear title that can be later purchased for the development of new housing by homebuilders or non-profit housing providers.

Housing & Neighborhoods Strategy 2.3:

Pursue funding from the Colonias Infrastructure Fund to help support infrastructure improvements and housing development in the Standpipe area.

Housing & Neighborhoods Strategy 2.4

Develop a 'Home of the Month' program to recognize residential property owners that contribute to the overall appearance of Carlsbad by improving their properties.

Housing & Neighborhoods Strategy 2.5

Support the Carlsbad Beautification Committee's efforts and work with community groups and Carlsbad youth on improving conditions in residential neighborhoods and businesses through landscape maintenance and improvements, and trash and weed removal.

Housing & Neighborhood Goal 3

Promote the development of quality residential neighborhoods.

Objectives:

- To ensure new residential neighborhoods are safe and have convenient access to parks, trails, and other community services.
- To foster healthy, social interaction between neighborhood residents.

Housing & Neighborhoods Strategy 3.1

As the City moves forward with annexation of new properties, require master planning that includes a mix of residential, parks and trails, commercial services, and school sites, where appropriate and in consultation with Carlsbad Municipal Schools.

Housing & Neighborhoods Strategy 3.2

Identify appropriate locations for new mixed-use developments on vacant properties within the existing developed area of Carlsbad and the proposed annexation areas, including but not limited to areas as shown on the Future Land Use Scenario (*see Chapter 5 Land Use*).

Housing & Neighborhoods Strategy 3.3

Work with the Planning Department on amendments to the Zoning Ordinance to require adequate landscape buffers between residential and heavy commercial and/or industrial development.

Policies and Regulatory Changes

Provide additional residential zoning categories that are more oriented towards higher density with smaller setbacks. Currently, the R1 and R2 zoning districts allow all residential housing types (single-family, duplex, condos, senior housing units), and are burdened with trying to define one set of development parameters that work for all housing types. With additional zoning districts such as R3 and R4, the performance characteristics such as height, area, open space, setbacks and density can be tailored toward each development type. They can be utilized in a more tiered approach where only single-family development is allowed in R1, and only 2 family duplex units will be allowed in R3, etc.. and therefore, the regulations can speak specifically to the design of that development type. Once a more incremental set of zoning districts is established, they can correlate to a future land use map that (with public input) would provide more transparency and direction for developers. A more robust set of zoning categories would also allow the City Council to more effectively guide the design of the project to an end product that accomplishes the goals of the community and the goals of this Affordable Housing Plan.

An increased share of multi-family residential units are envisioned, in order to provide more options for affordable and market rate rental housing. Existing multi-family residential use represents 1.1% of Carlsbad; under the Future Land Use Scenario adopted in the 2020 Carlsbad Comprehensive Plan, multi-family residential doubles to 2.2%.

6. Appendices

Appendix A. Public Involvement

Appendix B. Employment Survey

Appendix C. Funding Sources

Appendix D. FEMA Flood Maps

Appendix E. Work Cited

Appendix A. Public Involvement

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

Mission Apartments – Manager

Villa San Jose Apartments – Manager

Wanda Welch - Real Estate Industry

Wes Hooper - Assistant Eddy County Manager

Jeff Patterson- Director of Planning & Regulation Dept., City of Carlsbad

Daniel Werwath - Affordable Housing Developer

Lavern Shan - Deputy Superintendent of Carlsbad Schools

Bonnie & Clyde’s Getaway RV Park – Admin.

The following local stakeholders participated in an online survey as part of the Affordable Housing stakeholder committee. In person meetings were not held as governmental mandates were put in place limiting the number of people gathering regarding the Coronavirus (COVID-19) outbreak. Several members subsequently participated in telephone interviews as a means to provide additional input. Committee members provided information about housing needs, reviewed report findings and discussed potential solutions. The following committee members participated in developing the plan:

- Wanda Welch - Real Estate Industry
- Wes Hooper - Assistant Eddy County Manager
- Jeff Patterson- Director of Planning & Regulation Dept., City of Carlsbad
- Daniel Werwath - Affordable Housing Developer
- Lavern Shan - Deputy Superintendent of Carlsbad Schools

Appendix B. Employer Survey

Wilson & Company conducted surveys of Carlsbad area employers to identify housing needs and community housing concerns. The surveys were distributed and collected in May 2020, right as the Coronavirus, COVID-19, outbreak began limiting gatherings and non-essential business. The online survey was sent out on April 3rd, 2020 and the impacts to these businesses are yet to be determined. Employer surveys were distributed to area businesses through the Carlsbad Department of Development. A total of 8 employer surveys were completed. The surveys asked a number of questions about current housing conditions, affordability, availability and preferred options.

1. “Type of business:”

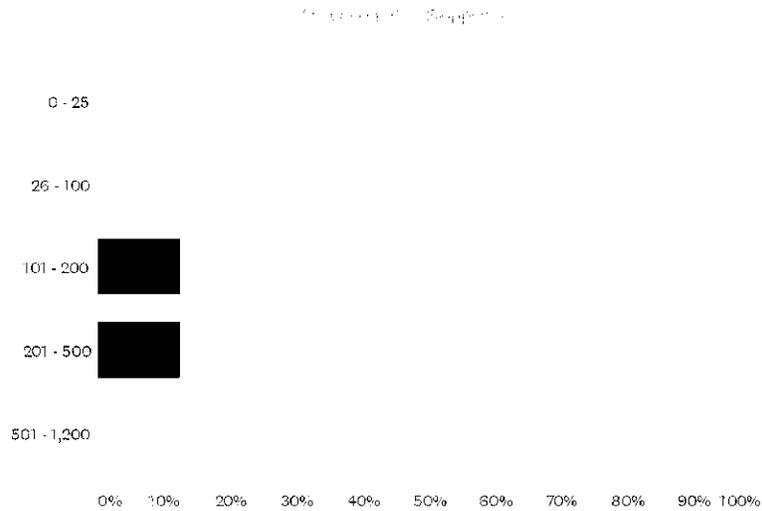
The employers who responded to the survey represent a variety of industry categories. The highest percentages— 25% each—were in banking/finance/insurance or government. The rest were spread among construction/trades, mining/oil & gas, hotels/motels/lodging and higher education in the “other” category.

Carlsbad, NM Affordable Housing Plan Update - Employer Questionnaire

ANSWER CHOICES	RESPONSES	
Mining/Oil & Gas	12.50%	1
Transportation/Communication/Utilities	0.00%	0
Construction/Trades	12.50%	1
Services/Non-government	0.00%	0
Health Care Services	0.00%	0
Retail Trade/Sales	0.00%	0
Real Estate/ Property Management	0.00%	0
Hotels/Motels/Lodging	12.50%	1
Banking/Finance/Insurance	25.00%	2
Bar/Restaurant	0.00%	0
Government	25.00%	2
Services-Business Services	0.00%	0
Services- Engineering/Architecture	0.00%	0
Services-Social (non-government)	0.00%	0
Other (please specify)	12.50%	1
TOTAL		8

2. “What is the current number of employees at your business location in the Carlsbad, NM area alone?”

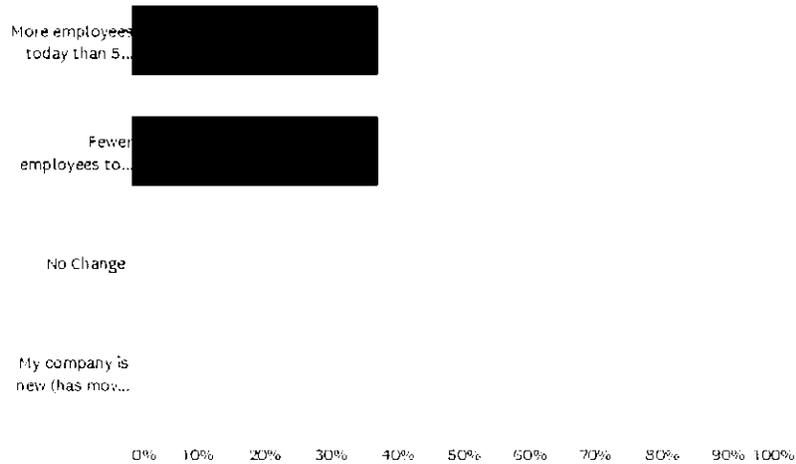
Half of the businesses who responded to the survey have less than 25 employees. One-fourth of respondents have between 26 and 100 employees while only 1 employer reported between 100 and 200 employees and one employer reported between 200 and 500 employees.



ANSWER CHOICES	RESPONSES	
0 - 25	50.00%	4
26 - 100	25.00%	2
101 - 200	12.50%	1
201 - 500	12.50%	1
501 - 1,200	0.00%	0
TOTAL		8

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

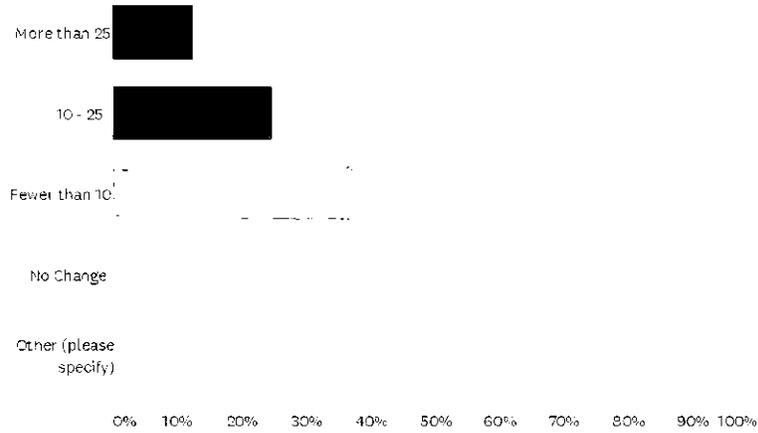
One-fourth of employers experienced no change in the number of employees. However, 37.5% reported they have more employees than 5 years and 37.5% said they have fewer employees than 5 years ago. None of the companies who responded said they are new to the area within the last 5 years.



ANSWER CHOICES	RESPONSES	
More employees today than 5 years ago	37.50%	3
Fewer employees today than 5 years ago	37.50%	3
No Change	25.00%	2
My company is new (has moved into the area within the last five years)	0.00%	0
TOTAL		6

4. “How many additional employees do you anticipate hiring over the next five years?”

75% of employers expect to hire within the next five years. Half of those employers anticipate to hire more than 10 employees, while the other half expect to hire less than 10. Only 2 employers expect no changes in the number of their employees over the next 5 years.



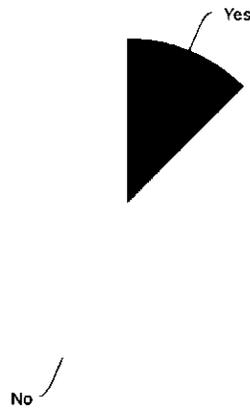
ANSWER CHOICES	RESPONSES	
More than 25	12.50%	1
10 - 25	25.00%	2
Fewer than 10	37.50%	3
No Change	25.00%	2
Other (please specify)	0.00%	0
TOTAL		8

5. How many jobs at your company location in the Carlsbad area are currently unfilled?

57 percent of employers who responded have full-time jobs available for a total of 54 unfilled positions.

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

Only one employer reported that they provide housing for their employees. (Additional detail on this would be great, but the questionnaire was not set up to obtain that)



ANSWER CHOICES	RESPONSES	
Yes	12.50%	1
No	87.50%	7
TOTAL		8

7. 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, 79%, lives in Carlsbad and the surrounding area. About 6% of employees live outside Carlsbad but still within Eddy County. An average of 3% of employers stated that their employees live outside of Eddy County, but still in southeastern New Mexico. One employer selected 'Other', stating that "Some commute from El Paso, stay locally for their shift rotation and then go back to El Paso".

ANSWER CHOICES	RESPONSES	
A. Live in Carlsbad and the immediate surrounding area.	100.00%	8
B. Live outside of Carlsbad but in Eddy County.	37.50%	3
C. Live outside of Eddy County, but in southeastern New Mexico.	50.00%	4
D. Other. please explain	12.50%	1

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

Of all the employers who responded, none said their employees needed short-term rentals. Employers reported that an average of 14% of employees needed long-term rentals. The average need of homes to purchase for their employees averaged out to 10%.

ANSWER CHOICES	RESPONSES	
A. Need short-term rentals	25.00%	2
B. Need long-term rentals	87.50%	7
C. Need homes to purchase	62.50%	5

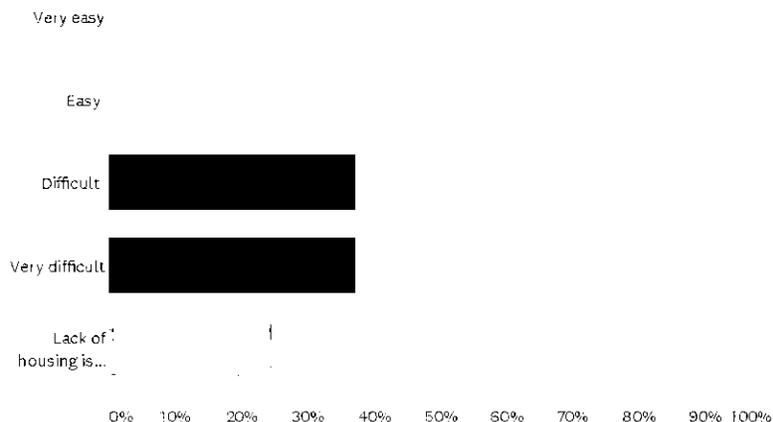
9. “What rent ranges and housing prices would meet your employees’ needs? Indicate the percentage of your employees needing housing in each of the following categories.”

For all employers that responded to the survey, the amount of employees that needed affordable housing (less than \$750 a month for a rental or \$105,000 for a house) was reported between 5% and 33%. The combined total of employees needing affordable housing was 17%. The amount of employees that need workforce housing (rents less than \$1,200 a month for a rental or less than a \$147,000 house price) was reported to be between 20% and 100% by employers, with a combined average of 58%. The amount of employees that needed market rate housing was reported at 0% for all employers with the exception of one employer who stated 25% of their employees needed market rate housing. The combined average for market rate housing is 4%.

ANSWER CHOICES	RESPONSES
A. Need affordable rental or housing (less than \$750 a month for a rental or \$105,000 for a house)	75.00% 6
B. Need workforce rental or housing (less than \$1,200 a month for a rental or less than a \$147,000 house price)	75.00% 6
C. Need market rate rental or housing (above \$1,200 a month for a rental or above \$147,000 house price)	12.50% 1

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

All of respondents reported that it is difficult or very difficult for their employees to find housing in the Carlsbad area, while none of them reported it being ‘easy or very 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.



ANSWER CHOICES	RESPONSES
Very easy	0.00% 0
Easy	0.00% 0
Difficult	37.50% 3
Very difficult	37.50% 3
Lack of housing is making it difficult to recruit employees	25.00% 2
TOTAL	100.00% 8

11. "Additional Feedback"

Only one piece of additional feedback was received stating "With such a need and the urgency of need, there is an extraordinary lack of local support for affordable housing. Recent planning meetings are an example of the double standard in the area."

Appendix C. Funding Sources

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.

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.

_____) 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:

_____ 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.

_____ 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.

_____ 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.

provide government funds to tax-exempt public agencies and private non-profit organizations to package applications for submission to Housing and Community Facilities Programs.

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.

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.

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).

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.

– 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.

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.

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

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.

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

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.

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.

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.

provide capital financing for the development of housing for domestic farm laborers.

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 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.

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.

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.

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.

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.

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.

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

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.

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:

- 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 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.

- 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.

- 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.

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

- 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.

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

- 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.

– 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.

– 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.

– 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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

is used primarily to help very low- and low-income households construct their own homes.

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.

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:

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.

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.

. 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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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 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.

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

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.

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.

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.

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.

– 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.

are made to provide financing for the purchase and development of housing sites for low- and moderate-income families.

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.

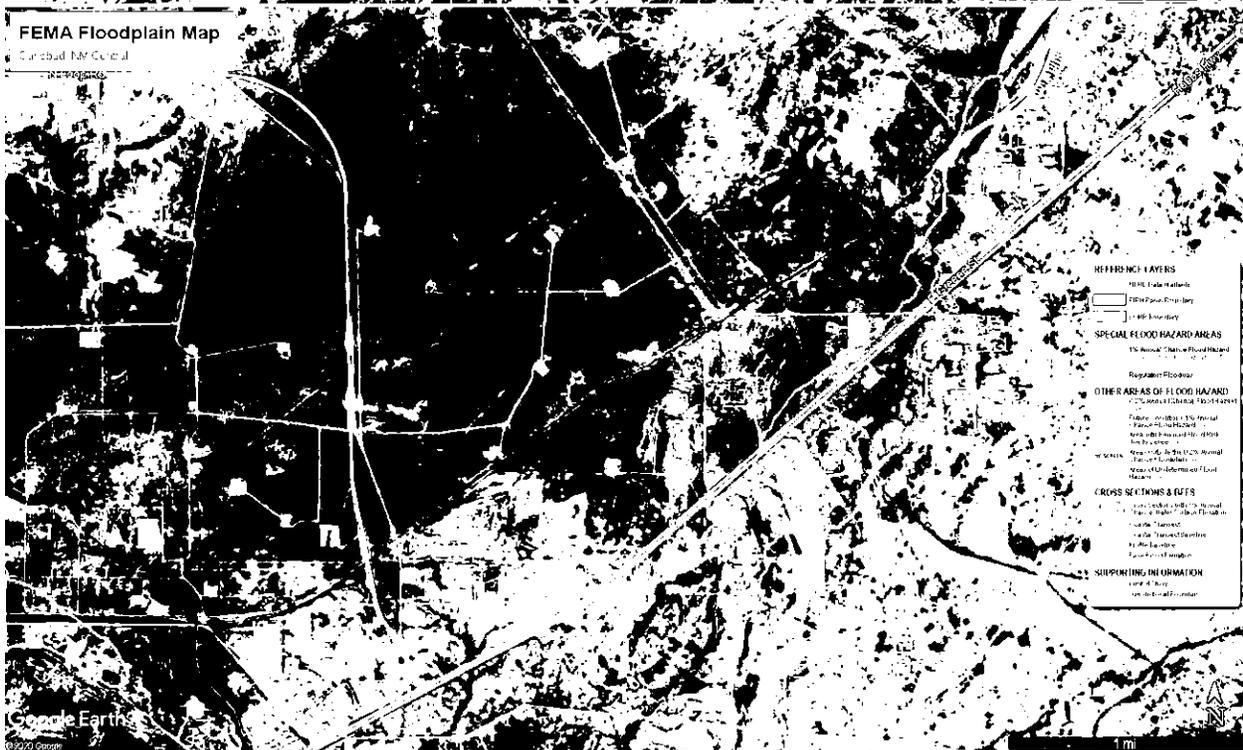
provides assistance to low-income homeowners who lack the resources to make necessary repairs to their homes. Assistance can be used for reimbursement of costs for rehabilitation, which includes the following: applicable codes, standards or ordinances, rehabilitation standards, essential improvements, 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.

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.

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.

provides grants to sponsoring organizations for the repair or rehabilitation of low- and very low-income housing.

– 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.



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