# 2018

# New Mexico Affordable Housing Needs Assessment

## Produced by the New Mexico Mortgage Finance Authority

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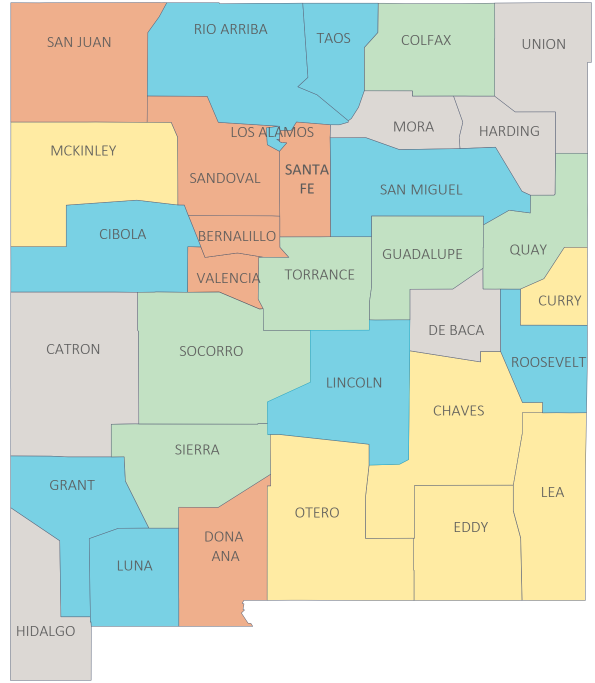



**Updated as of April 2019** with the most recent versions of data sources available as of that date.

To request a copy of county-specific data, please contact Keith Flynn at MFA, kflynn@housingnm.org

Readers may access raw data and view calculations by right clicking on most charts or graphs in the report and selecting “Edit Data”.

# PROFILE of NM

## Urban and Rural Differences

New Mexico is the fifth largest state in the U.S. with a relatively small population of just over two million. Two-thirds of the state's population is located in four Metropolitan Statistical Areas (MSAs), with 44% within the Albuquerque MSA (Bernalillo, Sandoval, Valencia and Torrance counties). One-third of the state's population lies outside of the MSAs, in largely rural areas.

As shown in the map at right which depicts variable growth rates by counties, disparities exist between New Mexico's urban and rural areas. Generally speaking, counties with urban communities offer more employment opportunities, are younger and growing and have low housing vacancy rates. Most rural counties are aging and losing population while grappling with older housing stock and higher vacancies. This is not surprising given a national and global trend toward urbanization and the relative lack of economic opportunity in rural areas. Given these differences and their implications for communities and affordable housing, this report organizes data according to county population.

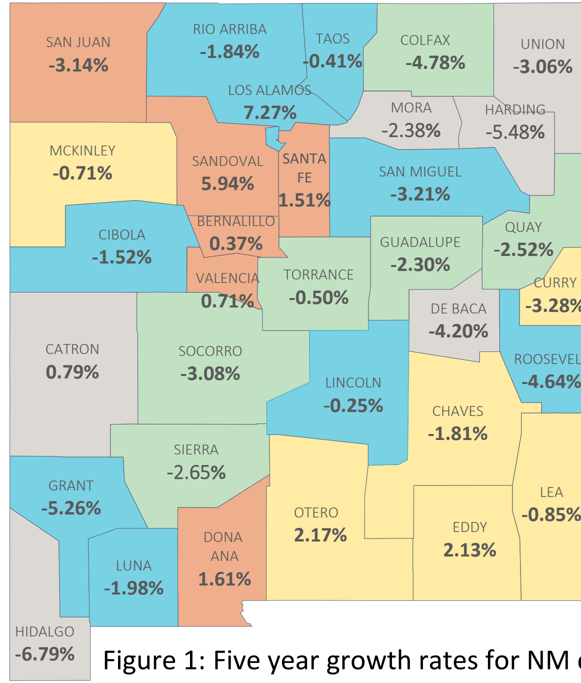
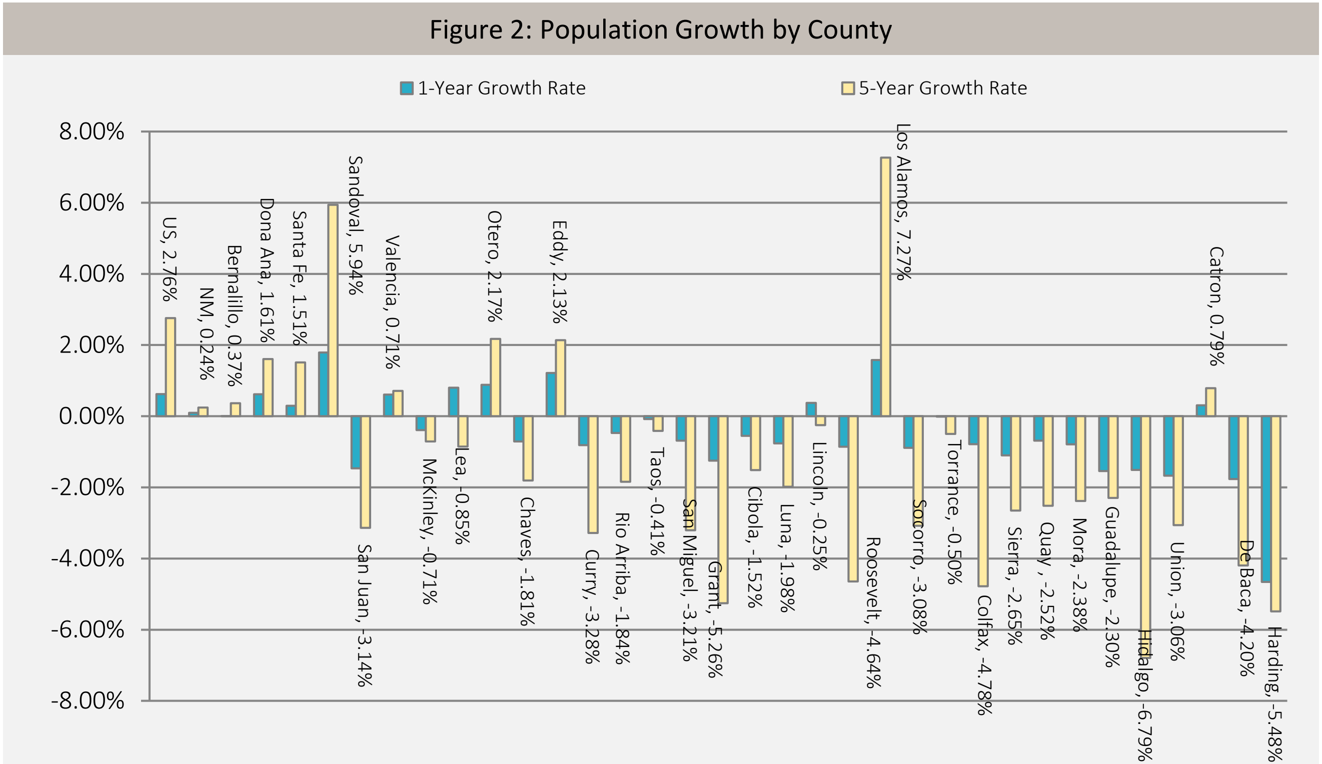



Figure 1: Five year growth rates for NM counties

| | |
|---|---|
| **URBAN** | Counties within MSAs with population center/s with more than 50,000 people |
| **SEMI-URBAN** | Counties with population center/s between 20,000 and 50,000 people |
| **RURAL** | Counties with population center/s between 10,000 and 20,000 people |
| **SMALL RURAL** | Counties with well-located population center/s between 3,000 and 10,000 people |
| **EXETREMELY RURAL** | Counties with isolated population center/s with less than 3,000 people |

**Source: PEPANNRES Annual Estimates of the Resident Population, April 1, 2010 to July 1, 2017**

# Population Growth by County




**Source: PEPANNRES Annual Estimates of the Resident Population, April 1, 2010 to July 1, 2018**

# PROFILE of NM

## Economy

New Mexico continues to be a state with unique challenges and opportunities. While New Mexico has historically struggled with lower incomes and higher poverty rates than the nation, it has consistently performed well in job growth. Unfortunately, the state's reliance on government employment and its weak private sector enabled the Recession to endure much longer in New Mexico than in the U.S.  Contributing to this slow recovery was the fact that positive job growth in Albuquerque, Las Cruces and Santa Fe was pulled down by job losses in Farmington and the rural areas of the state through 2016. This trend has improved, and all parts of the state are now experiencing positive job growth as of early 2019. The Bureau of Business and Economic Research (BBER) of the University of New Mexico reports 10,500 new jobs statewide in 2018, restoring New Mexico to the upper echelon of job growth at 17 out of 50 states. Equally important is the fact that job growth is occurring in most sectors, including high-paying sectors. The highest growth rates are in mining, transportation and warehousing, construction, and professional and technical services.

As shown at right, government employment makes up 22.4% of jobs in New Mexico compared to 15.3% in the U.S. In the private sector, New Mexico's distribution of jobs is generally similar to the U.S. with a few exceptions. New Mexico has a higher percentage of jobs in mining (3.1% vs 0.5%), as oil and gas represent the state's largest industries, and a much lower percentage of manufacturing jobs (3.1% vs 8.6%). Notably, construction employment is higher than in the U.S. (5.7% vs 4.7%), an indication of economic growth.

**Source:  Bureau of Labor Statistics, Current Employment Statistics (CES), February 2019**



Figure 3: Percent Employment in Top Industries, NM

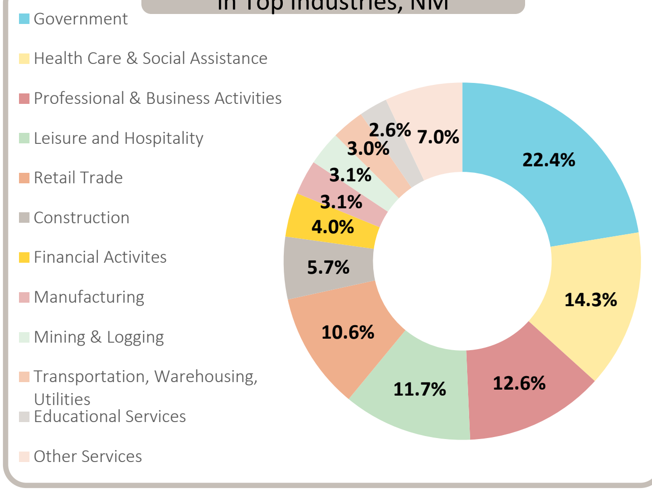
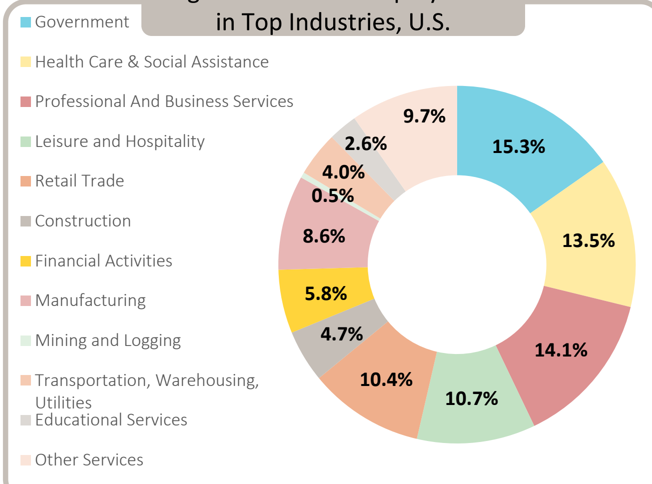



Figure 4: Percent Employment in Top Industries, U.S.



# PROFILE of NM

## Population Growth

Poor economic conditions have slowed the state's population growth, which has been flat over five years compared to 2.8% over five years in the U.S.  New Mexico's stagnant growth stands in stark contrast to surrounding states, where growth is among the highest in the nation. Recent data indicates that young and working-age professionals are out-migrating to seek economic opportunities elsewhere, particularly to neighboring states that are experiencing a strong recovery. It may take some time for population growth to reflect the economic recovery now underway in New Mexico.

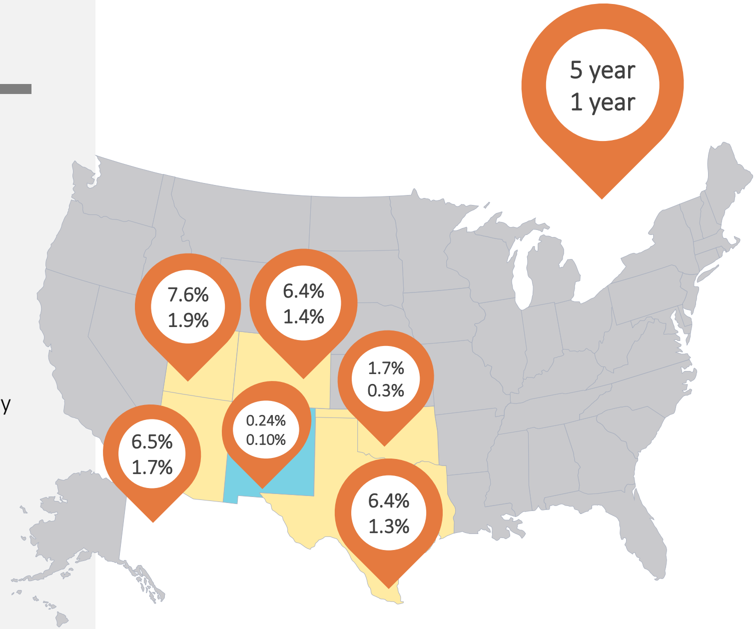



Figure 5: Five-year and one-year growth rates for NM and surrounding states

**Source:  PEPANNRES Annual Estimates of the Resident Population, April 1, 2010 to July 1, 2018**

# PROFILE of NM

## Income and Poverty

New Mexico's weak economy translates into a low median household income ($46,718) and a high poverty rate (20.6%)  that fall below national averages of $57,652 and 14.6%. The map at right shows that New Mexico ranks among southern states with the lowest median household incomes and highest poverty rates in the U.S. Many New Mexico counties have even lower household incomes and higher poverty rates than the state as a whole.

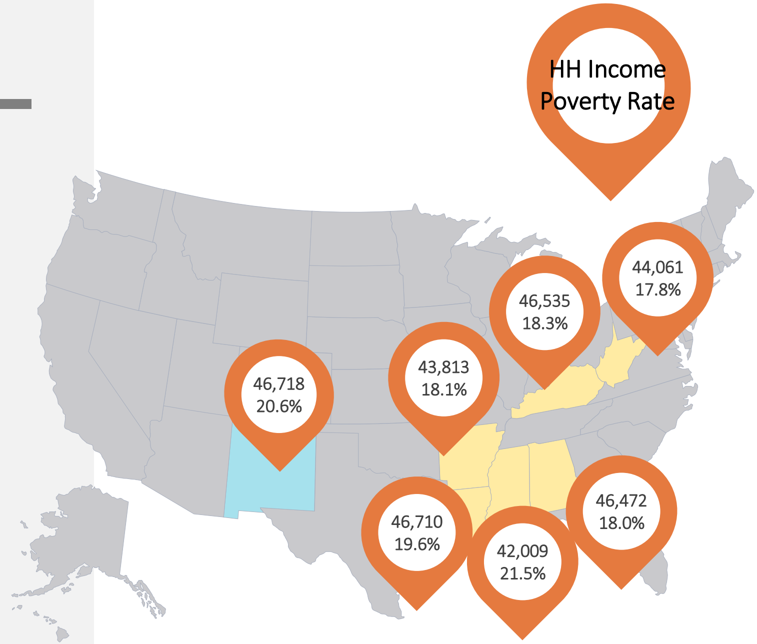


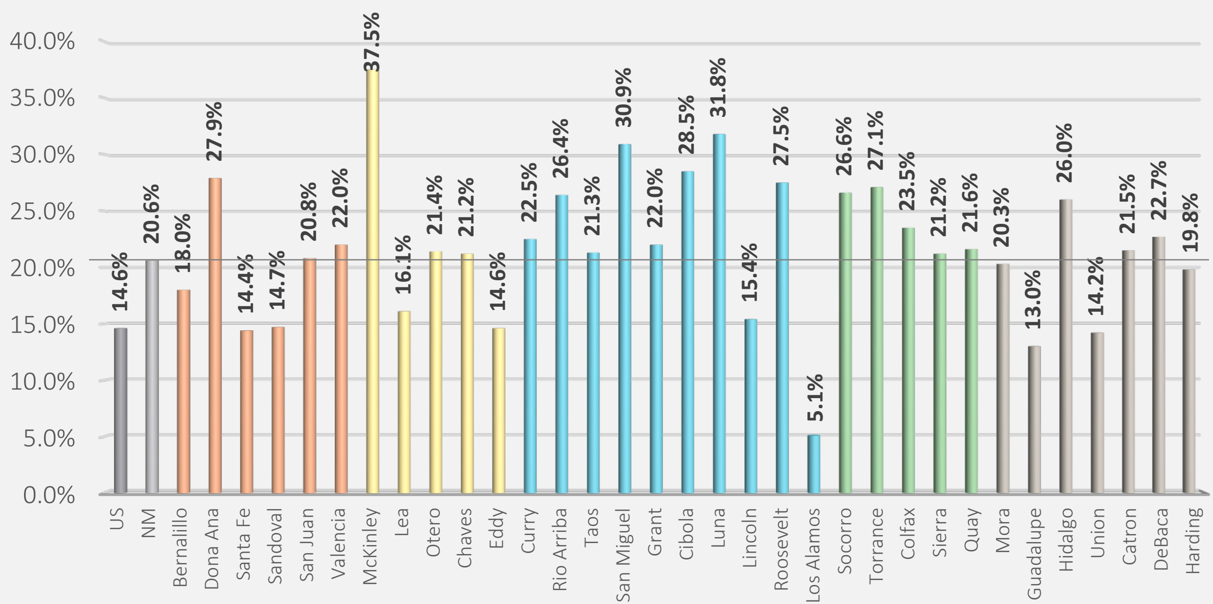

Figure 6: States with the lowest median household incomes and high poverty rates

**Source: American Community Survey 5-year estimates for 2013-2017**

# Economic Indicators

## Poverty Rate for New Mexico Counties

Figure 7: Poverty Rate for New Mexico Counties

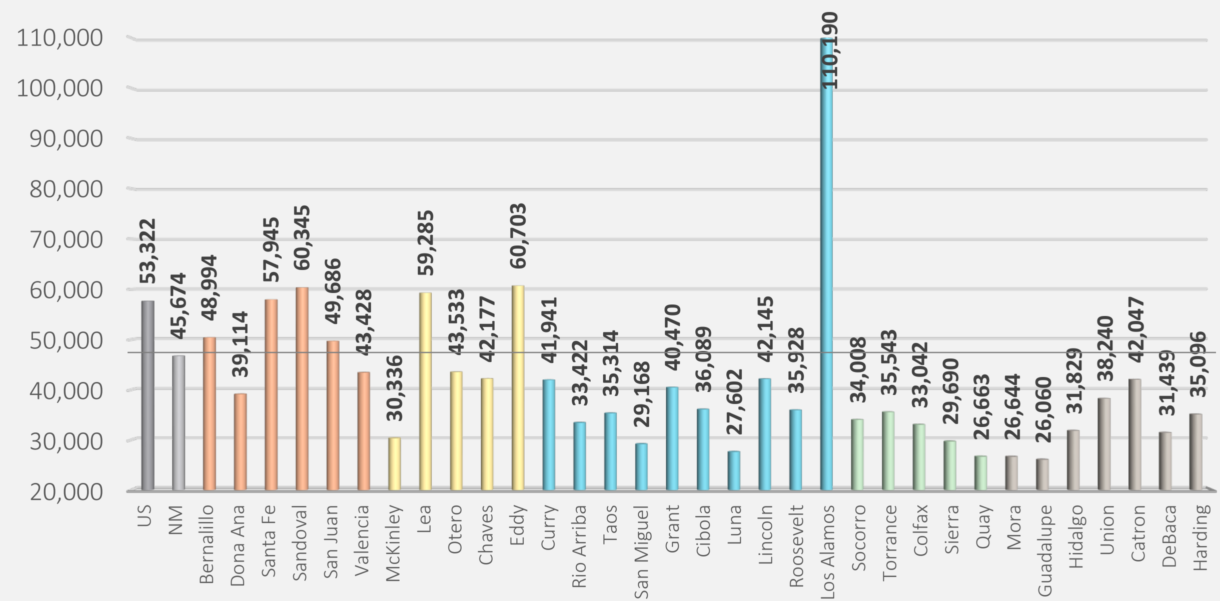



**Source: American Community Survey 5-year estimates for 2013-2017**

# Economic Indicators

## Median Household Income for New Mexico Counties

Figure 8: Median Household Income for New Mexico Counties

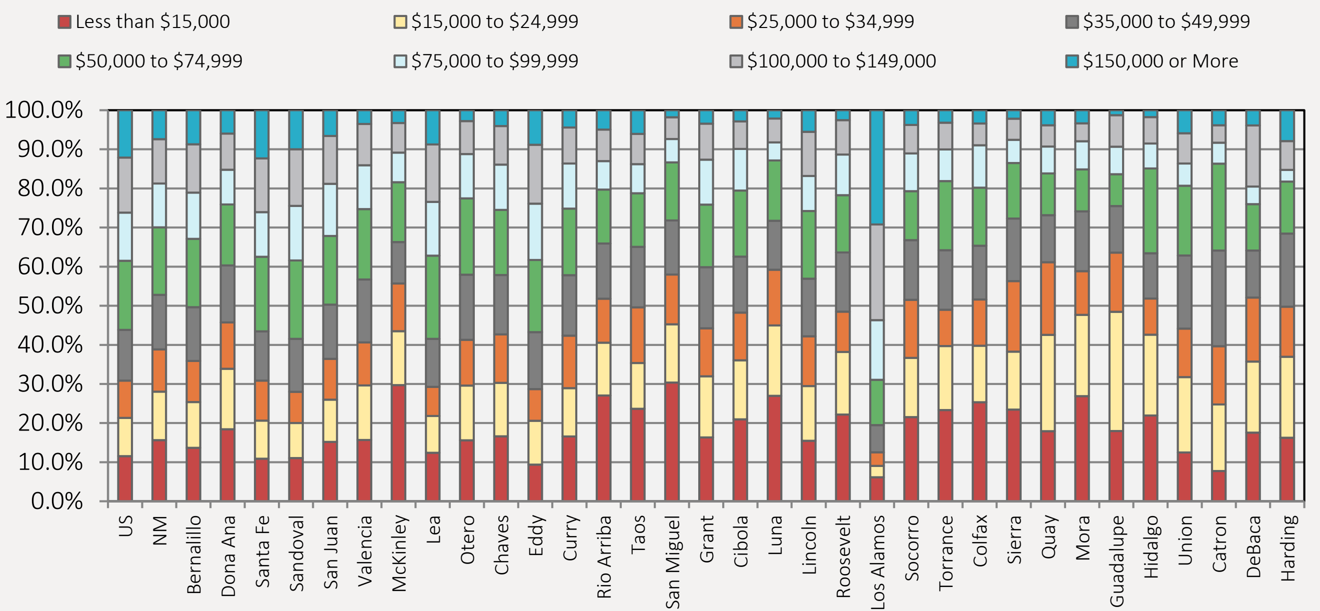



**Source: American Community Survey 5-year estimates for 2013-2017**

# Economic Indicators

## Income Ranges for All Households

Figure 9: Household Income in New Mexico Counties

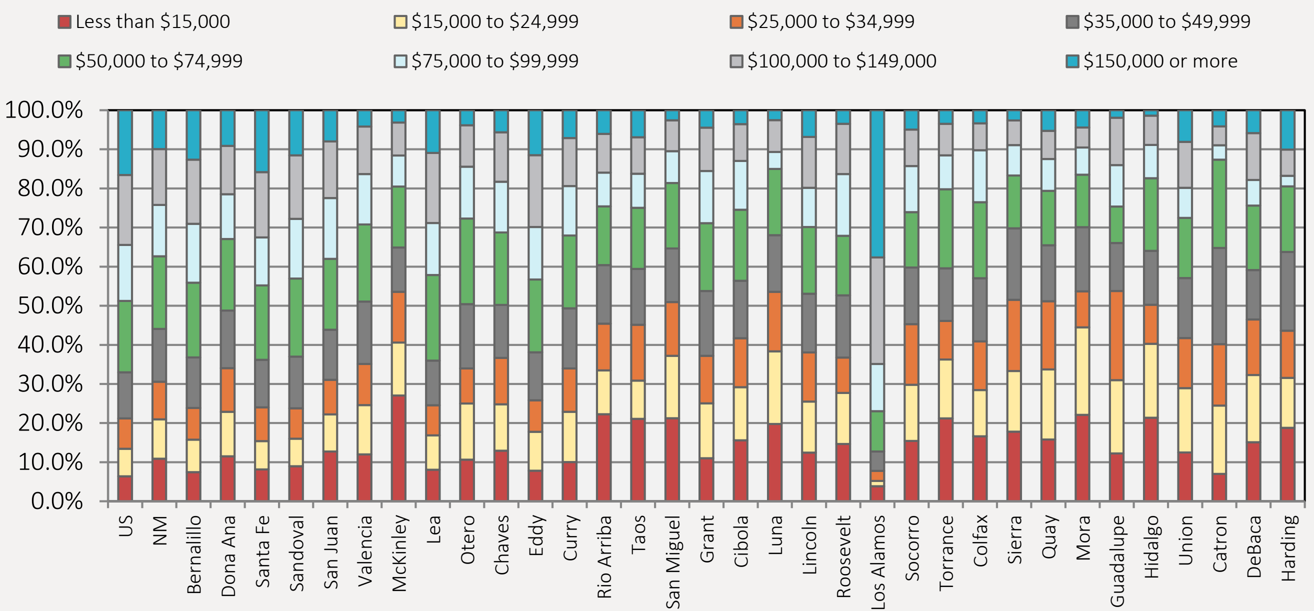



**Source: American Community Survey 5-year estimates for 2013-2017**

# Economic Indicators

## Income Ranges for Owner-Occupied Households

Figure 10: Homeowner Income in New Mexico Counties

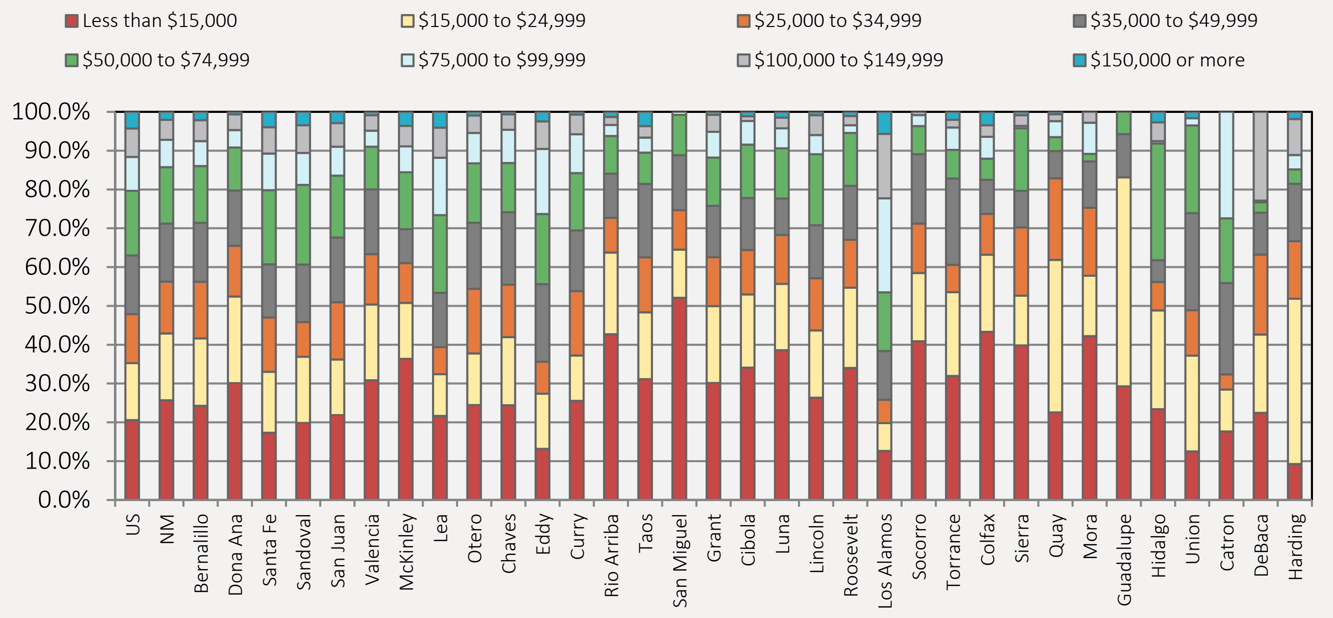



**Source: American Community Survey 5-year estimates for 2013-2017**

# Economic Indicators

## Income Ranges for Renter Households

Figure 11: Renter Income in New Mexico Counties




**Source: American Community Survey 5-year estimates for 2013-2017**

# PROFILE of NM

## Race and Age

New Mexico's racial and ethnic diversity is unique characteristic of the state. New Mexico is a minority-majority state, with 48.2% of residents identifying as Hispanic or Latino and 8.7% percent identifying as American Indian. This is in stark contrast to the U.S., where 61.5% of the population identifies as white only, and 17.6% and 0.7% identify as Hispanic or Latino and American Indian, respectively. New Mexico has a substantially lower percentage of persons identifying as Black or African American (1.8%) and Asian (1.3%) than in the U.S., where African Americans make up 12.3% of the population and Asians make up 5.3%.

Related to a large minority population, New Mexico has a slightly younger median age (37.3 years) than the U.S. as a whole (37.8 years). The components of this younger median age are interesting. New Mexico has a higher percentage of persons younger than age 25 and older than age 54 than the U.S., but a lower percentage of persons age 25 to 54.

Figure 12: Race in New Mexico

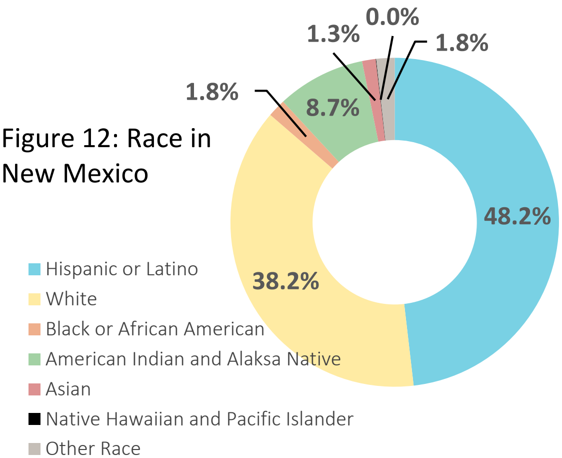
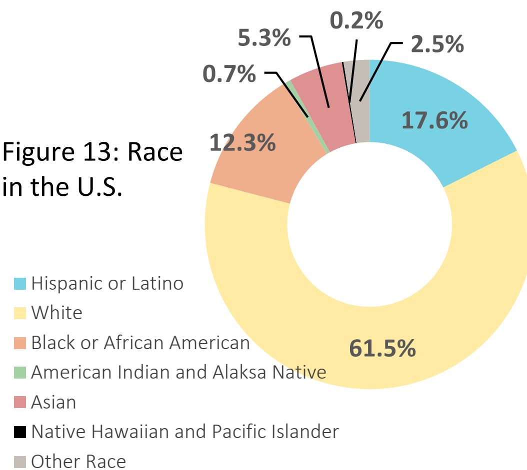
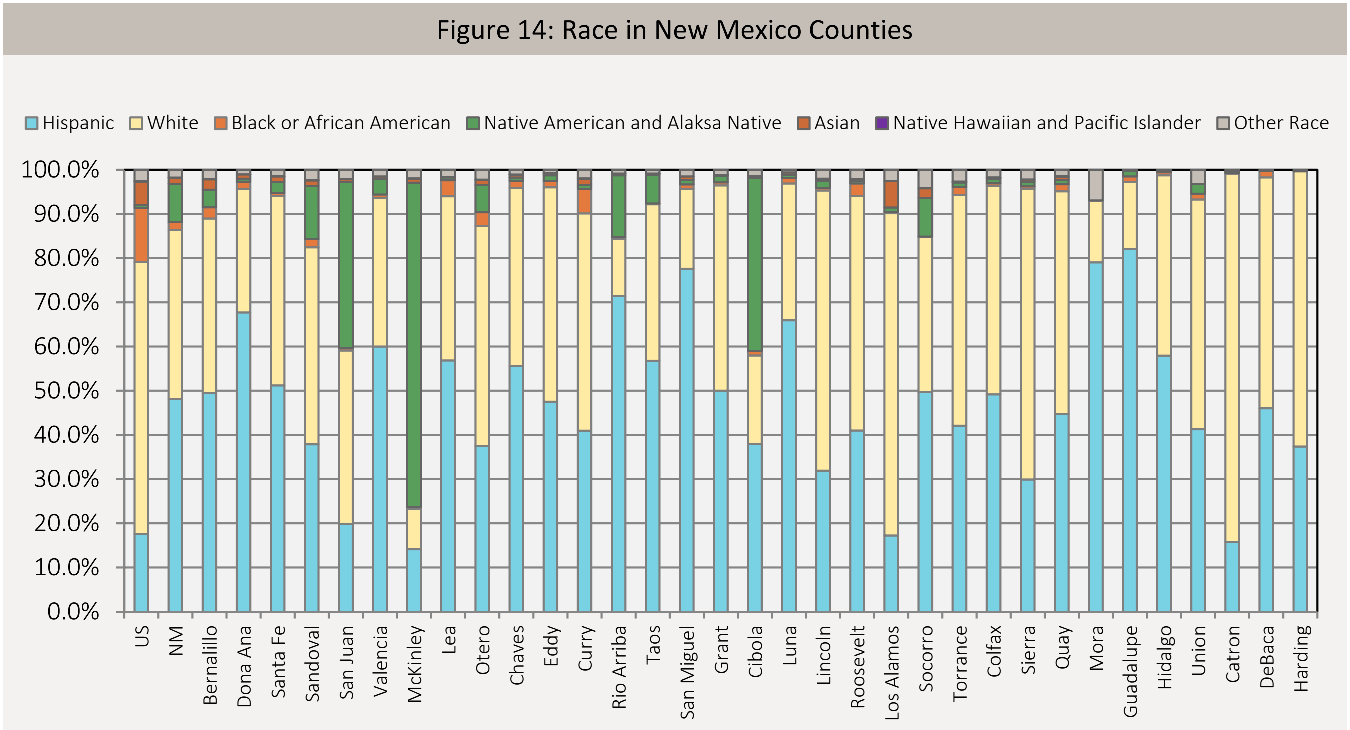



Figure 13: Race in the U.S.




**Source: American Community Survey 5-year estimates for 2013-2017**

# Race




**Source: American Community Survey 5-year estimates for 2013-2017**

# Age and Household Size

Figure 15: Median Age in New Mexico Counties

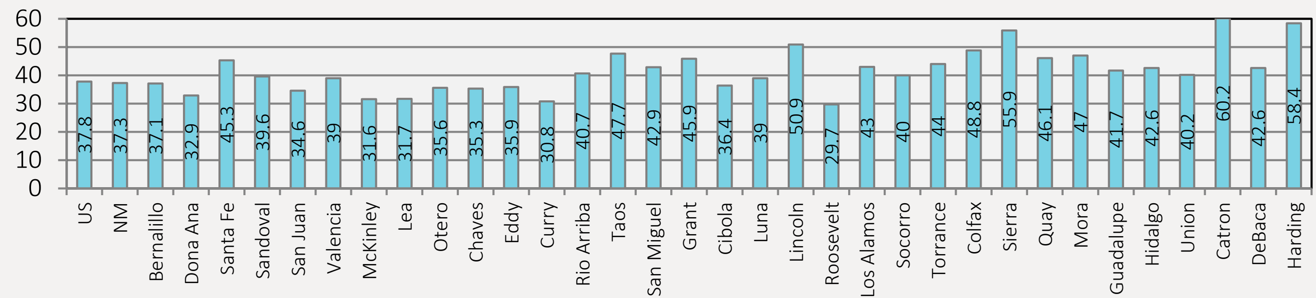
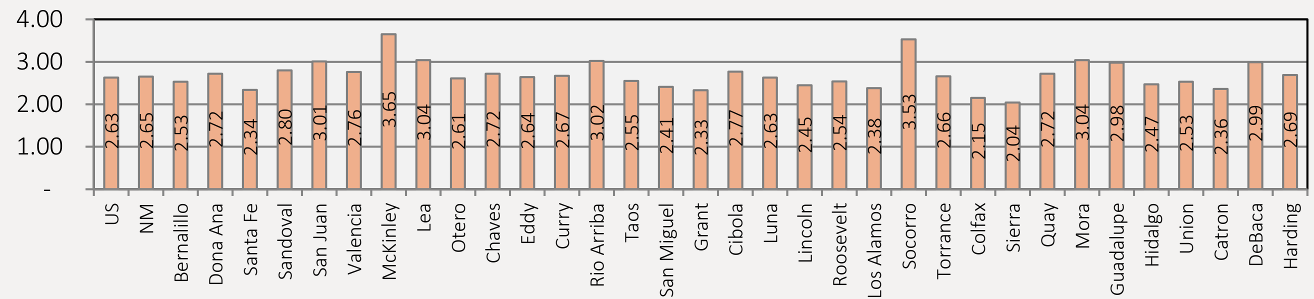



Figure 16: Average Household Size in New Mexico Counties



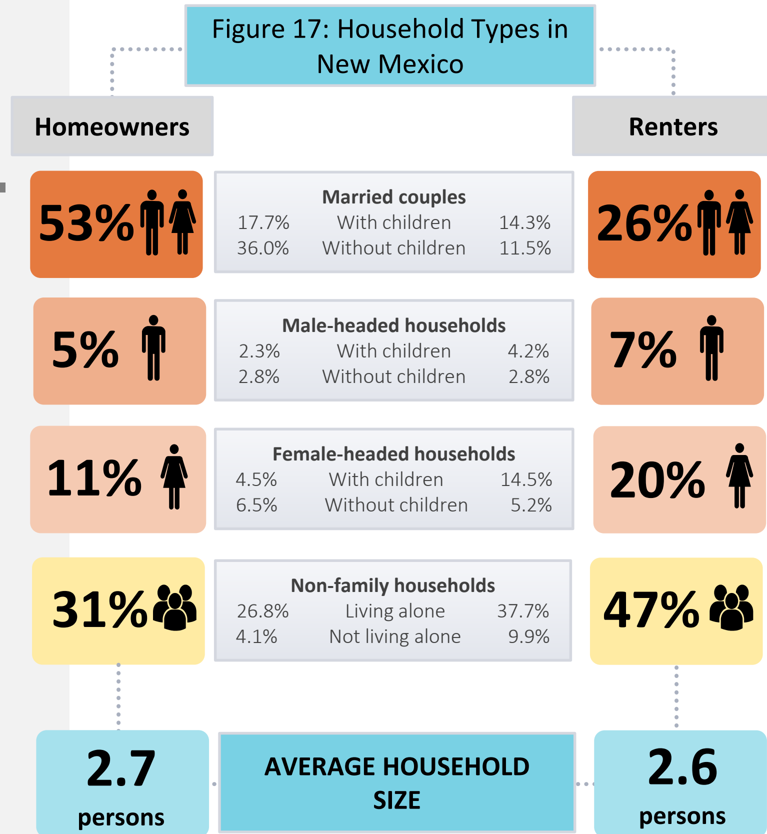

**Source: American Community Survey 5-year estimates for 2013-2017**

# PROFILE of NM

## Households

Almost seventy percent of households that own a home in New Mexico are family households, including married couples and single parent male and female-headed households, with and without children. Among New Mexico homeowners, there is a lower percentage of family households (69.8% vs 73.4%) and married couple households (53.7% vs 60.3%) than the U.S. and a higher percentage of male-headed (5.1% vs 4.1%) and female-headed (11.0% vs 9.1%) households. The percentage of non-family homeowner households is higher in New Mexico than the U.S, (30.9% vs 26.6%), as is the percentage of persons living alone (26.8% vs 22.7%).

The composition of New Mexico renter households is very similar to that of the U.S. with 52.5% family households and 47.6% non-family households. Family households that rent include 25.8% married couples, 7.0% male-headed households and 19.7% female-headed households, with and without children.

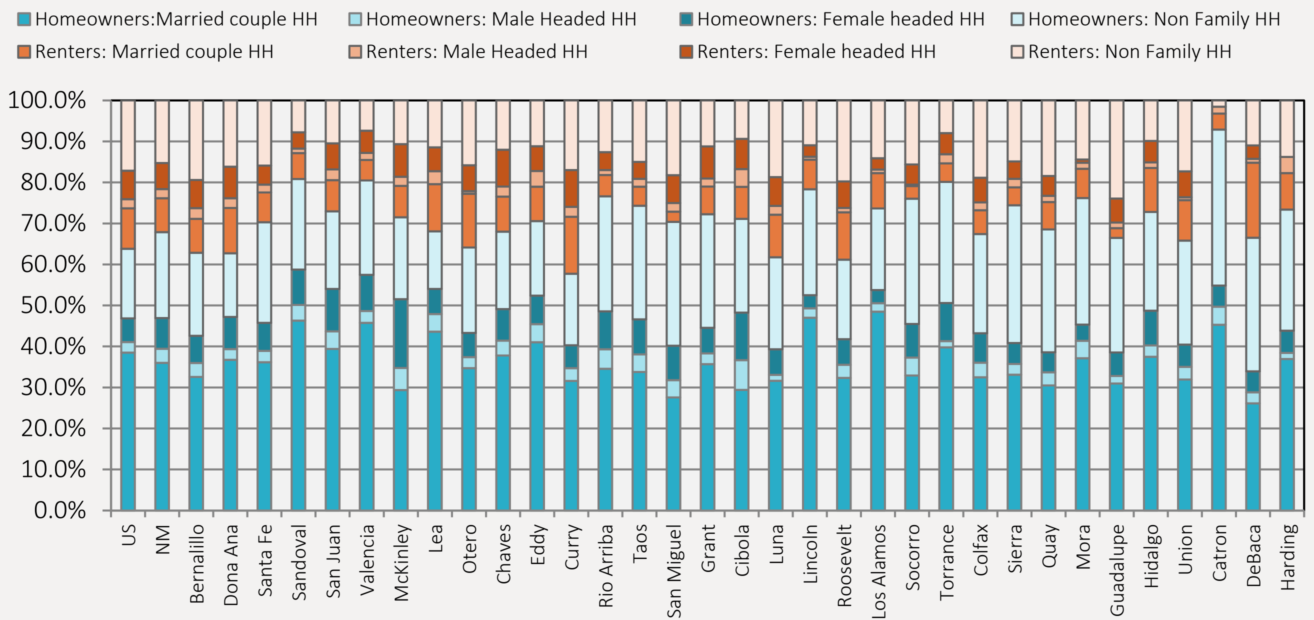



**Source: American Community Survey 5-year estimates for 2013-2017**

# Household Type

## Household Type by Homeowners and Renters

Figure 18: Household Type in New Mexico Counties




**Source: American Community Survey 5-year estimates for 2013-2017**

# PROFILE OF NM

## Senior Households

New Mexico has a higher percentage of senior households than the U.S. (30.1% vs. 28.1%), defined as households with one or more members age 65 years or older. In general, urban lower than average rates of senior households because greater economic opportunities in these areas attract working-age adults, many of whom are families with children. This is also true in semi-urban and even rural counties that produce oil and gas (Eddy, Lea, San Juan) and are home to military bases or facilities (Curry, Otero, Los Alamos). Santa Fe is an exception to this rule. A known retirement destination, seniors make up 35.2% of households there.

In most rural counties, more than 30% of households are occupied by seniors, with nine counties exhibiting rates higher than 40%. The one exception is Roosevelt County, home to Eastern New Mexico University (ENMU). Students attending ENMU likely provide a balance to senior households in Roosevelt County.

The vast majority of New Mexico seniors either live alone (39.2%) or live with family (57.4%), including a spouse. Only 3.4% of seniors are living in non-family households like group homes or assisted living facilities.

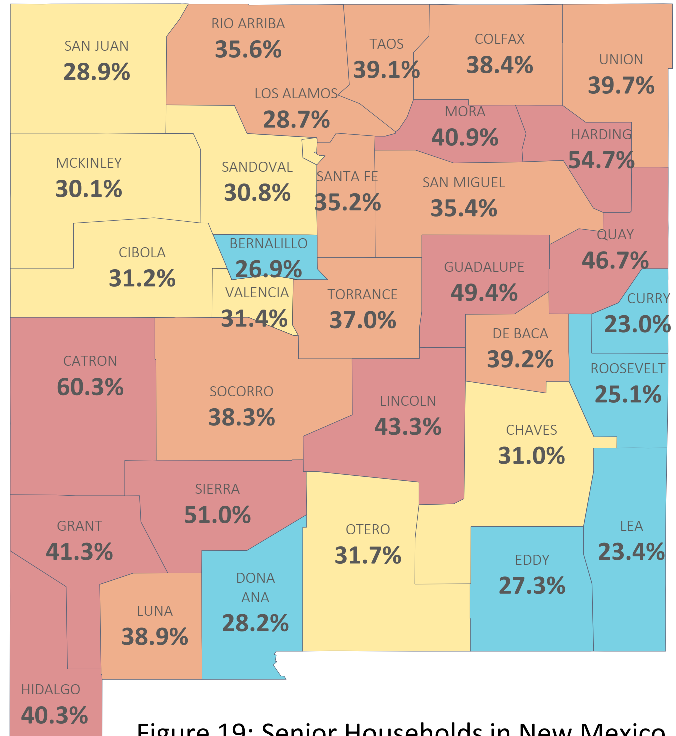


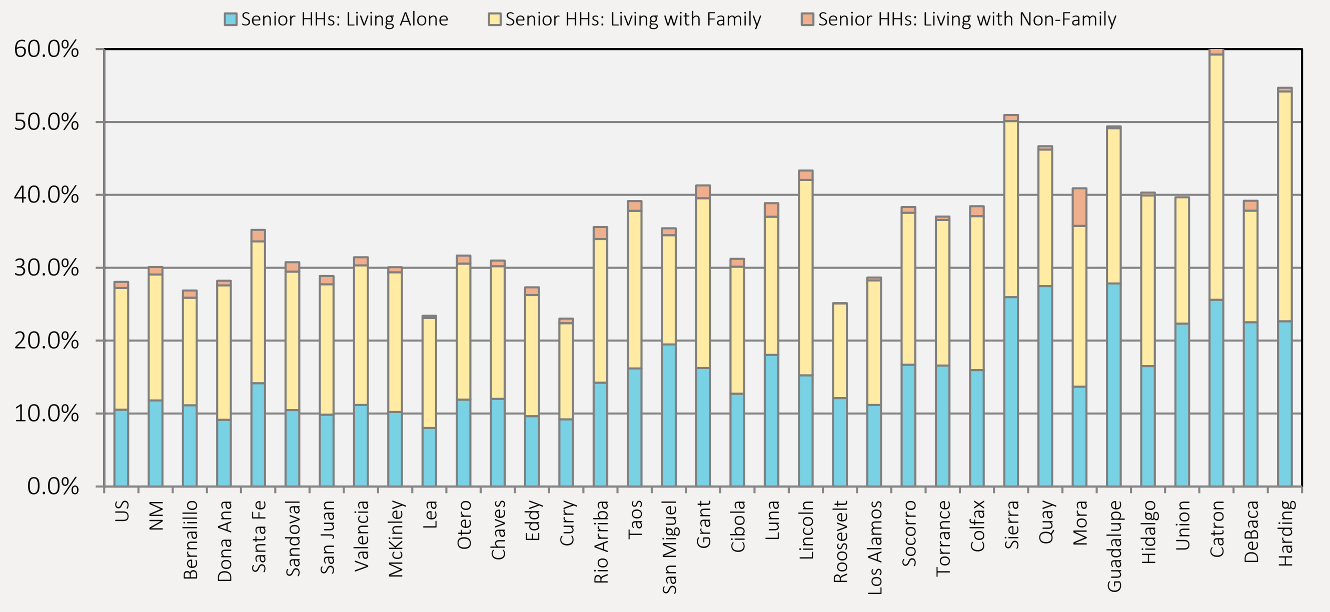

Figure 19: Senior Households in New Mexico

| | |
|---|---|
| **LOW RATE OF SENIOR HOUSEHOLDS** | Less than 28% of households are occupied by seniors |
| **AVERAGE RATE OF SENIOR HOUSEHOLDS** | 28-32% of households are occupied by seniors |
| **HIGH RATE OF SENIOR HOUSEHOLDS** | 33-39% or more of households are occupied by seniors |
| **EXTREMELY HIGH RATE OF SENIOR HOUSEHOLDS** | 40% or more of households are occupied by seniors |

# Senior Households

Occupied Households with One or More Senior, 65 years and older

Figure 20: Senior Households in New Mexico Counties




**Source: American Community Survey 5-year estimates for 2013-2017**

***Note: "Living with Family " includes seniors living with a spouse and/or extended family.***

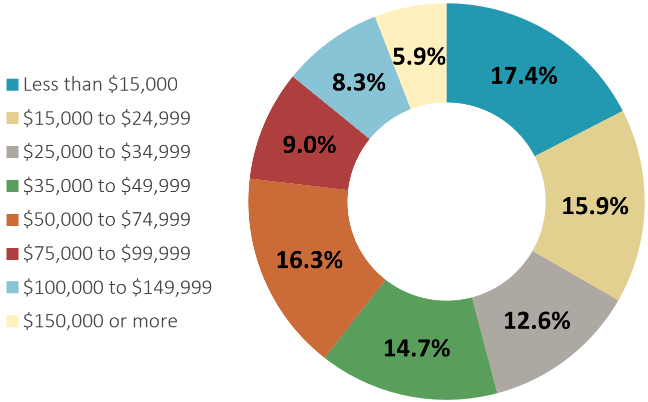
# PROFILE OF NM

## Senior Households

Senior-headed households in New Mexico are predominately homeowners, but many are also low-income. The senior homeownership rate of 83.5% is much higher than the rate for all New Mexico households (67.8%) and for senior households in the U.S. (78.4%). Yet 17.4% of senior households earn less than $15,000 per year, with most falling below HUD's extremely low income limit of $14,200. An additional 15.9% earn less than $25,000 per year consistent with HUD's very low income limit of $23,700. Finally, around 17.6% fall below HUD's low income limit of $37,900. In total, an estimated 50.9% of New Mexico senior households are low-income compared to an estimated 44.0% for New Mexican households overall. Income limits referenced are FY 2018 HUD Statewide Income Limits for New Mexico for a family of two, consistent with the average size of senior-headed households.

This combination of high homeownership rates and low incomes means that many seniors will not have the financial ability to move as they age, and will either need age-in-place services or affordable rental options which are sparse in many areas of the state.

Figure 21: Income for Senior-Headed Households in New Mexico




Source: American Community Survey 5-year estimates for 2013-2017

# PROFILE OF NM

## Homeowners vs. Renters

New Mexico has historically boasted a higher homeownership rate (67.9%) than the U.S. (63.8%). This trend has remained steady despite declines in homeownership in the past decade. Homeownership rates are particularly high in many rural counties, where they can exceed 80%. New Mexico also has a very high rate of homes without a mortgage, 44.5%, compared to 36.5% in the U.S.

Higher than average rates of renters are found in counties with post-secondary institutions, such as Bernalillo (University of New Mexico), Dona Ana (New Mexico State University) and Roosevelt (Eastern New Mexico University). This is also true in Otero and Curry counties where air force base personnel are likely to rent or live on base.

Homeownership helps a family build wealth and stability. However, this typically positive indicator is complicated in New Mexico by several factors:

- Seventeen percent of the state's homeownership rate can be attributed to mobile homes, some of which are substandard and will not appreciate.
- Thirty-one percent of New Mexico homeowners are low income and may struggle with housing costs even if they inherited their home and/or do not have a mortgage.
- Concentrated in rural areas, aging housing stock requires rehabilitation, which many low-income homeowners cannot afford.

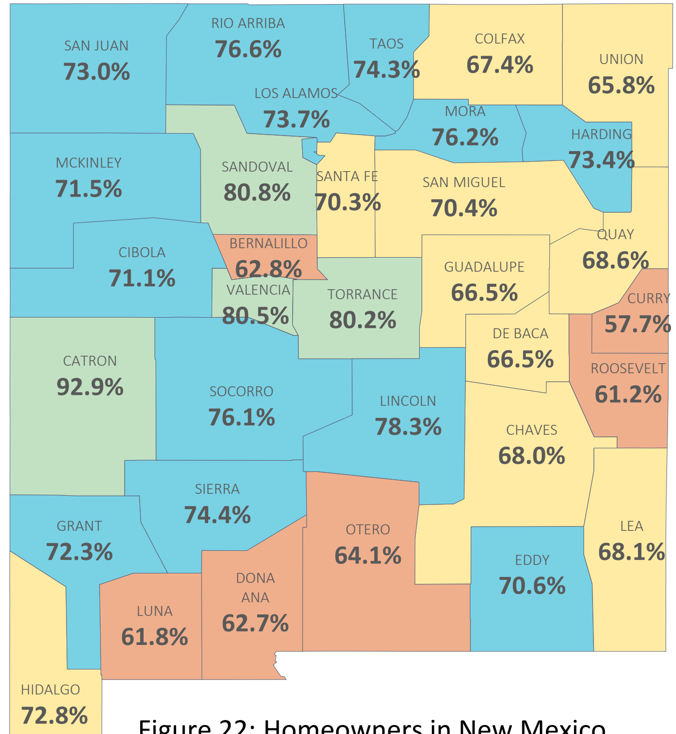


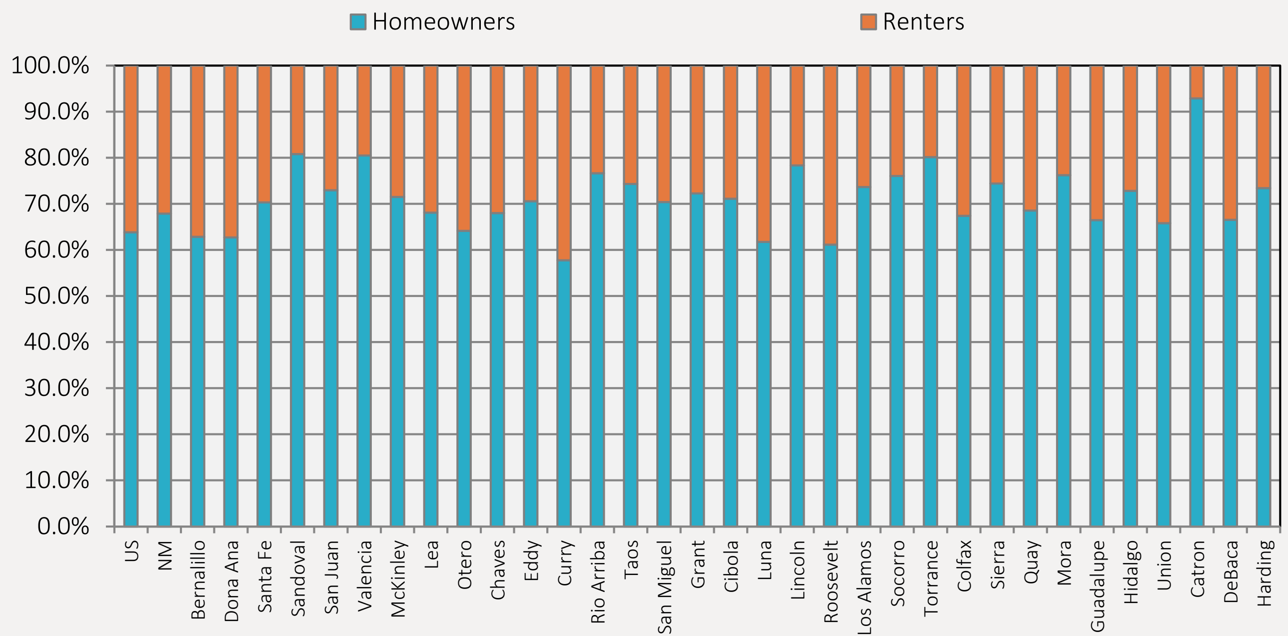

Figure 22: Homeowners in New Mexico

| | |
|---|---|
| **EXTREMELY HIGH HOMEOWNERSHIP RATE** | 80% or more homeowners |
| **HIGH HOMEOWNERSHP RATE** | 71-79% homeowners |
| **AVERAGE HOMEOWNERSHIP RATE** | 66-70% of homeowners |
| **LOWER THAN AVERAGE HOMEOWNERSHIP RATE** | 65% or less homeowners |

**Source: American Community Survey 5-year estimates for 2013-2017**

# Homeowners and Renters

Figure 23: Homeowner and Renter Households




**Source: American Community Survey 5-year estimates for 2013-2017**

# HOUSING IN NM

## Mix of Occupied Housing Stock

New Mexico has a slightly higher percentage of single family homes than the U.S. (65.6% vs 62.9%). Of the 65.6% single family homes, 53.1% are owned and 12.5% are rented. New Mexico also has a lower percentages of multifamily units, including townhomes/condos, duplexes, triplexes, four plexes and significantly, larger apartment communities, than the U.S.  This lack of housing diversity and choice can be problematic in urban and rural communities alike.

The most significant difference between housing stock in New Mexico and the U.S. is the high percentage of mobile homes (15.9% vs 5.7%). Of the 15.9% mobile homes, 11.7% are owned and 4.2% are rented. This category includes older, single-wide models, some of which are not on permanent foundations. These models do not meet modern building codes and are no longer manufactured. Ultimately, they will reach the end of their useful life and will no longer be habitable. On the other hand, the mobile home classification also includes manufactured homes on permanent foundations that meet residential building codes. These homes are good quality and often appreciate in value.

Figure 24: Occupied Housing Stock in NM

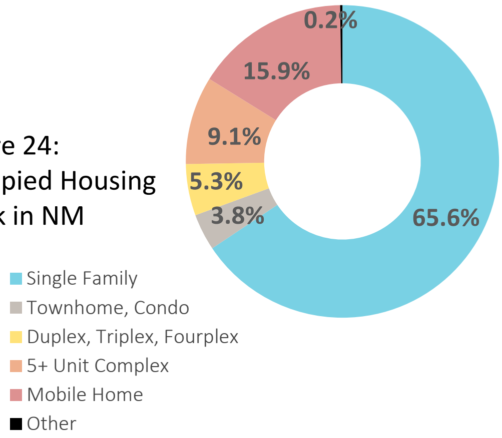
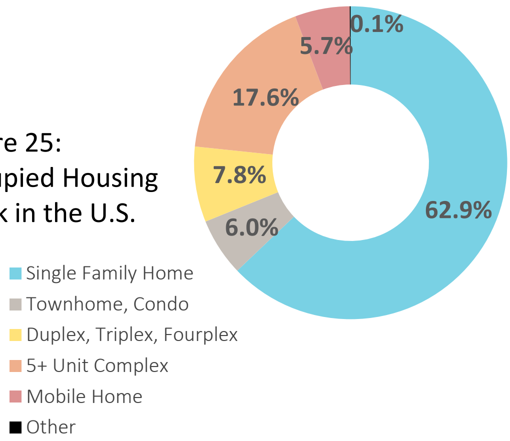



Figure 25: Occupied Housing Stock in the U.S.




**Source: American Community Survey 5-year estimates for 2013-2017**

# HOUSING IN NM

## Manufactured Housing

Counted within the mobile home category of the U.S. Census, it is important to understand the role that manufactured housing plays in New Mexico, particularly for new homeowners. Manufactured housing is a widely-used form of affordable housing for many low-income homeowners in the state. In regions like northern New Mexico, where families own land but may lack resources to build a home, manufactured housing can be a convenient and affordable option.

Manufactured homes are important in rural communities that cannot attract new investment. Because of the lack of new development, for-sale housing is scarce and often limited to older, outdated homes that need substantial rehabilitation or remodeling beyond the reach of first-time homebuyers. In these areas, manufactured homes provide an expedient, modern housing option with low upfront costs. For these reasons, manufactured homes represent more than 30 percent of the housing stock in ten New Mexico counties.

A potential downside is that chattel financing associated with manufactured homes often comes with high interest rates that may create affordability problems later on. And because this financing has lower standards for qualification, some families are compelled to purchase manufactured homes after being denied traditional financing through a conventional lender. Finally, manufactured homes require site infrastructure on the land where they will be located, which can also be costly and complicated. These are important issues for borrowers to understand when weighing the pros and cons and long-term costs of buying a manufactured home.

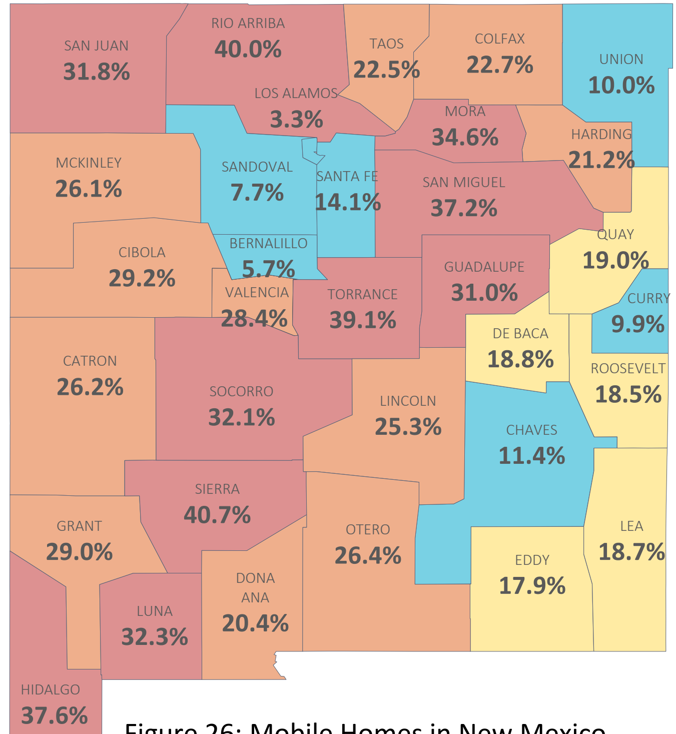



Figure 26: Mobile Homes in New Mexico

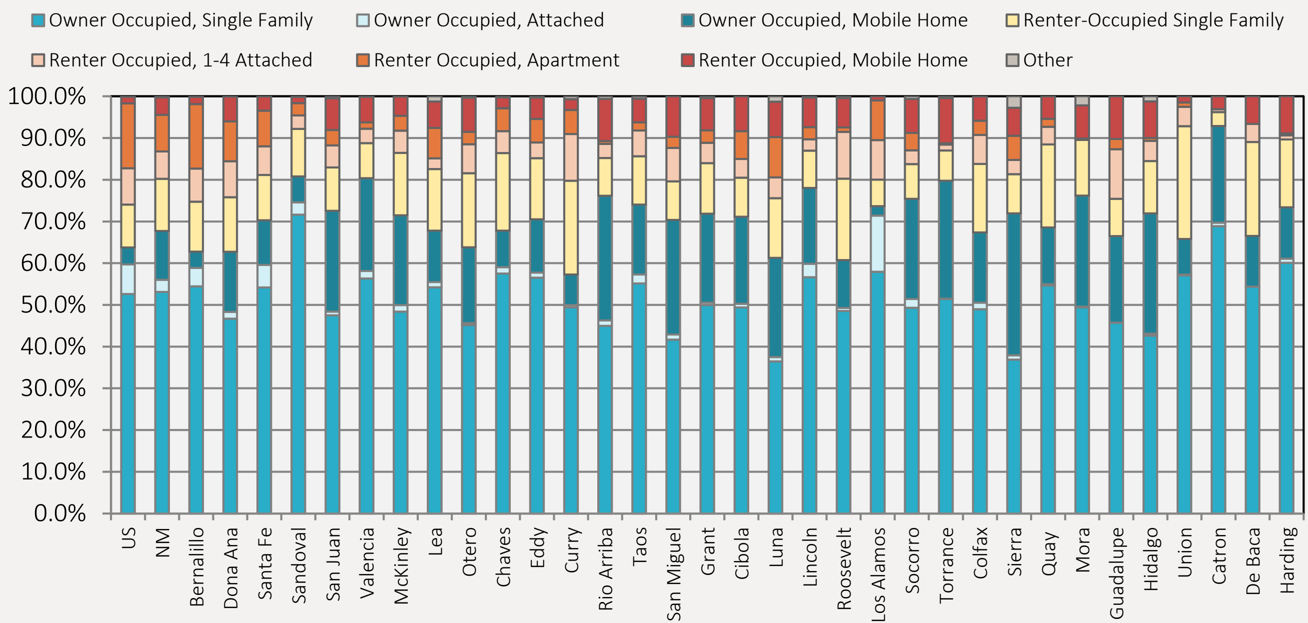
| | |
|---|---|
| **LOW PERCENTAGE OF MOBILE HOMES** | Less than 15% of occupied housing stock in mobile homes |
| **AVERAGE PERCENTAGE OF MOBILE HOMES** | 15-19% of occupied housing stock in mobile homes |
| **HIGH PERCENTAGE OF MOBILE HOMES** | 20-29% of occupied housing stock in mobile homes |
| **EXTREMELY HIGH PERCENTAGE OF MOBILE HOMES** | 30% or more of occupied housing stock in mobile homes |

**Source: American Community Survey 5-year estimates for 2013-2017**

# Type of Housing

## Type of Housing by Homeowners and Renters

Figure 27: Type of Housing in New Mexico Counties




**Source: American Community Survey 5-year estimates for 2013-2017**

# HOUSING IN NM

## Age of Housing

Like other western states, housing development boomed in NM in the 1970s and kept up a consistent pace in the 1980s and 1990s. According to the U.S. Census, approximately 52.3% of the state's housing units were built in that time period, at a pace of 16-17% per decade. The rate of new construction remained relatively consistent in the 2000s, when 15.9% of the state's housing units were built. Since 2010, development has been stagnant both in NM and the U.S., due to a slowdown in single family residential construction that has lingered since the Great Recession.

Housing is generally newer in NM than in the U.S., however, development activity is quite uneven in NM's urban and rural counties. In total, 18.9% of NM's housing was developed after 2000. All counties located within the MSAs are close to that average with Sandoval, Dona Ana and Santa Fe exceeding it substantially. In contrast, all but two rural counties have aging or old housing stock and stagnant recent development. Taos and Lincoln counties, both of which attract higher rates of investment and development because of tourism, were the only two rural counties with an average-age housing stock.

Housing stock is aging and old in some semi-urban counties as well, including Chaves and Lea. It is important that these counties attract new investment and remain viable to support the large rural regions of NM that they serve.

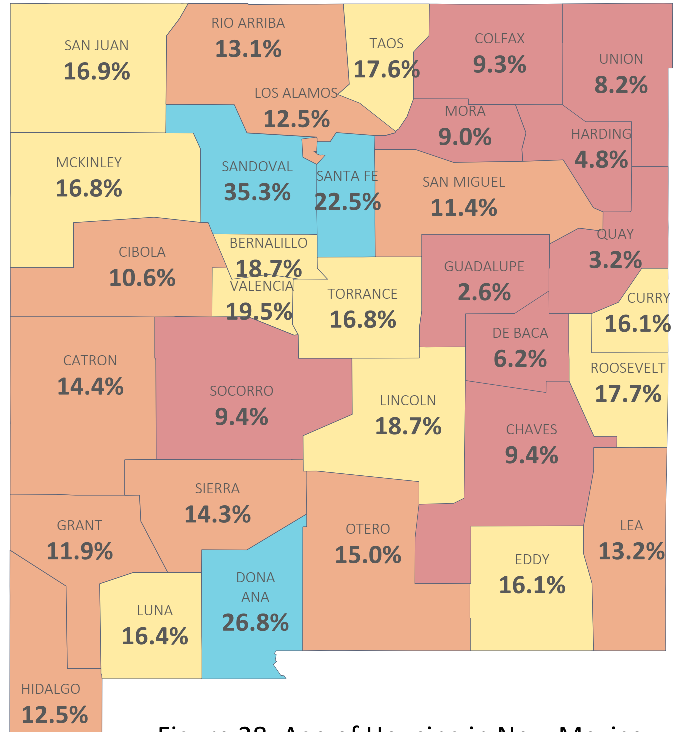


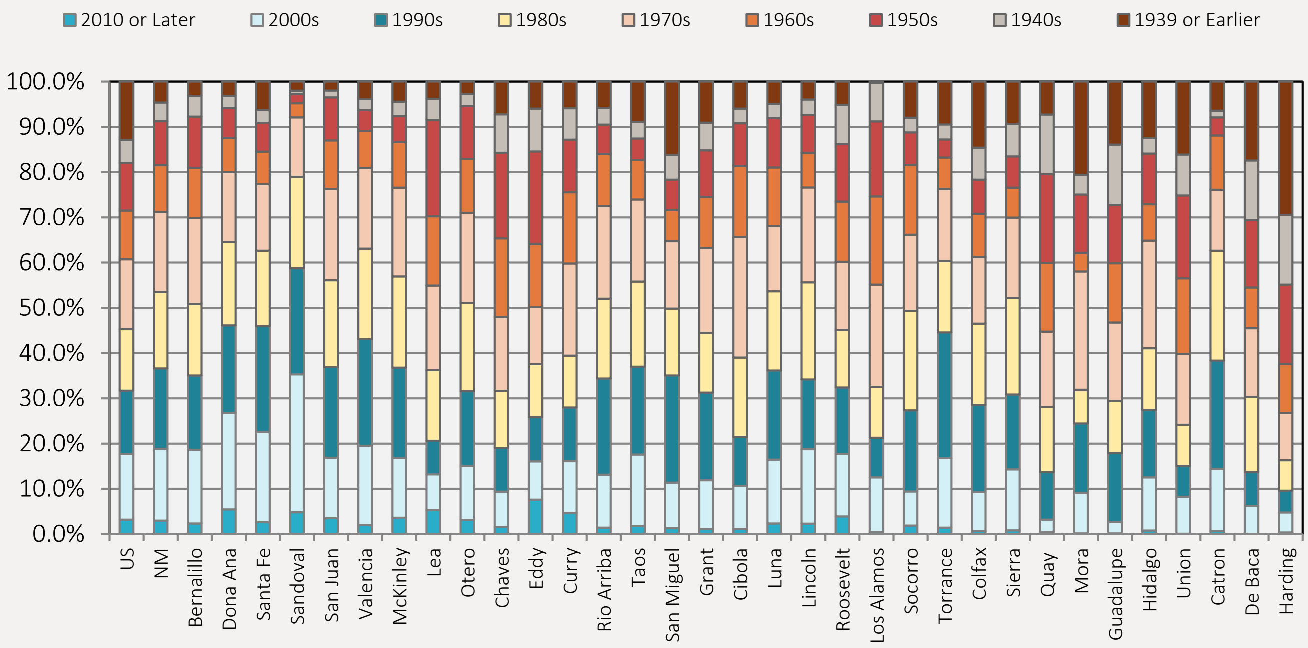

Figure 28: Age of Housing in New Mexico

| | |
|---|---|
| **RECENT HOUSING STOCK** | More than 20% of housing units built in 2000 or later |
| **AVERAGE-AGE HOUSING STOCK** | 16-20% of housing units built in 2000 or later |
| **AGING HOUSING STOCK** | 10-15% of housing units built in 2000 or later |
| **OLD HOUSING STOCK** | Less than 10% of housing units built in 2000 or later |

**Source: American Community Survey 5-year estimates for 2013-2017**

# Age of Housing

Figure 29: Age of Housing in New Mexico Counties

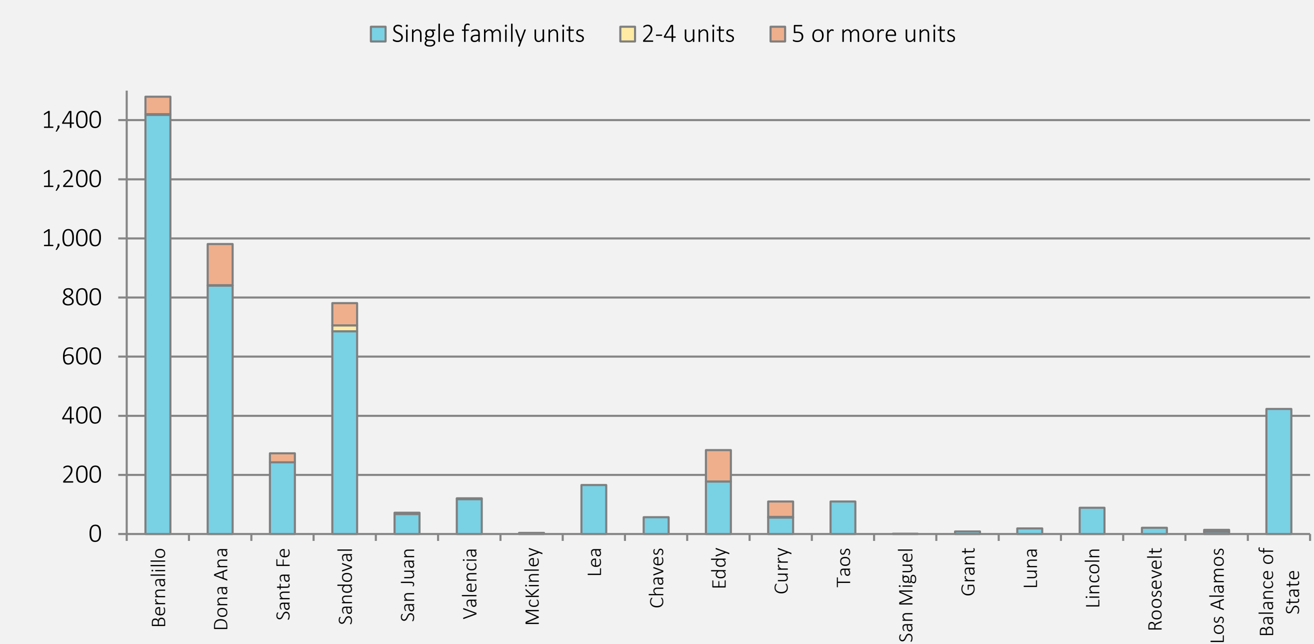



**Source: American Community Survey 5-year estimates for 2013-2017**

# Units Constructed, 2018

Number of new units for which building permits were issued

Figure 30: Building Permits, 2018




**Source: U.S. Census, 2018 Building Permit Survey**

# HOUSING IN NM

## Housing Conditions

The percentage of housing units lacking complete plumbing or kitchen facilities has long served as an indicator for the overall condition of housing, although the lack of such facilities is relatively rare in the present day. In the U.S., 0.4% of housing units lack complete plumbing and 0.8% lack complete kitchens.  These rates are higher in New Mexico, where 1.0% of homes lack complete plumbing  and 0.9% of homes lacks complete kitchens. It is conceivable that some homes are counted in both percentages.

Most counties in the state fall at or below the state average of 1.0% and a few (Grant, Hidalgo, Luna, Sierra, Taos, Torrance) rank above the state average for at least one indicator. Guadalupe and Lincoln counties fall into this category but are extremely close to the state average. Socorro and San Miguel counties and the three northwestern counties, San Juan, McKinley and Cibola, lack both complete plumbing and kitchen facilities at higher rates than the state average. McKinley County stands out with 10.3% of units lacking complete plumbing and 6.9% of units lacking complete kitchens.

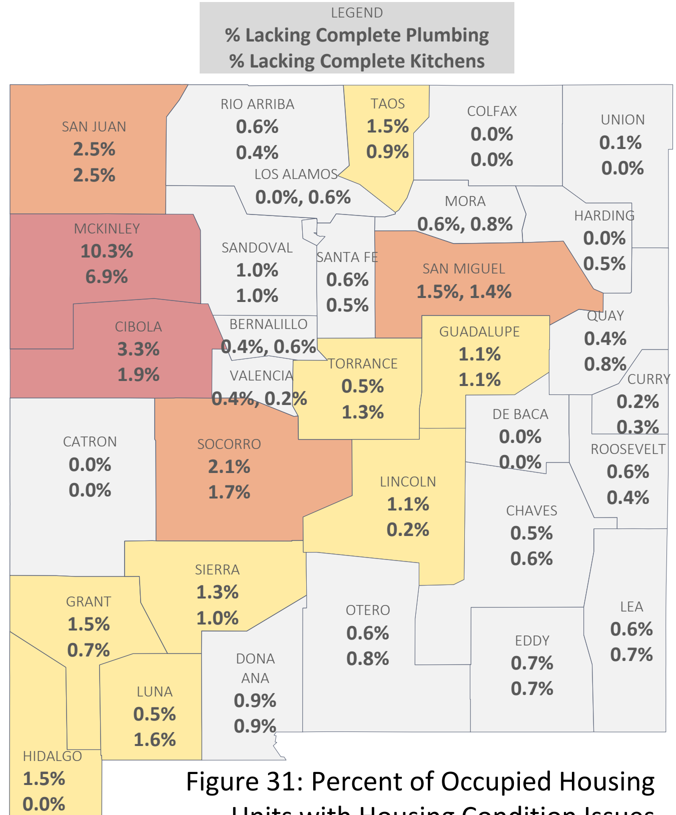



Figure 31: Percent of Occupied Housing Units with Housing Condition Issues

| | |
|---|---|
| **BELOW AVERAGE HOUSING CONDITION ISSUES** | 0.0% to 1.0% of  of housing units |
| **ABOVE AVERAGE CONDITION ISSUES FOR ONE INDICATOR** | 1.1% to 3.0%  of housing units for kitchens or plumbing |
| **ABOVE AVERAGE CONDITION ISSUES FOR BOTH INDICATORS** | 1.1% to 3.0% of housing units for kitchens and plumbing |
| **HIGH RATE OF CONDITION ISSUES** | More than 3.0% of housing units for kitchens, plumbing or both |

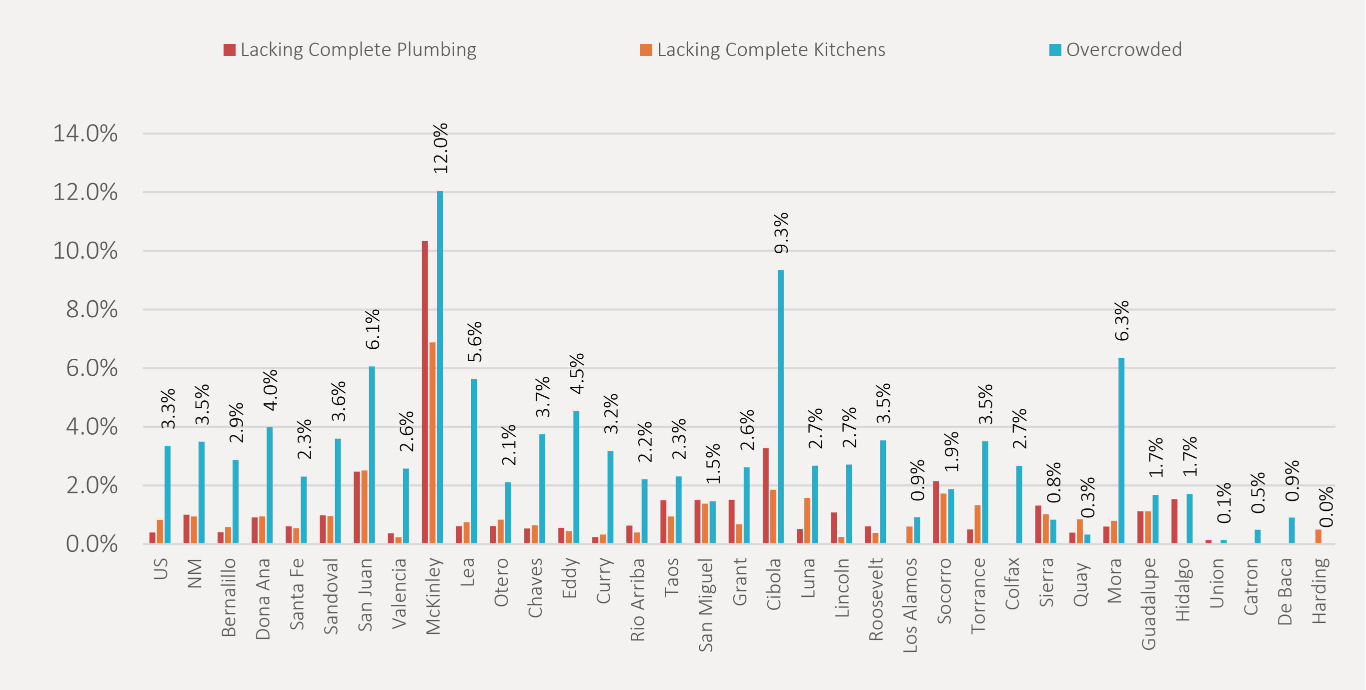


**Source:  American Community Survey 5-year estimates for 2013-2017**

# Housing Condition Issues

Occupied Units Lacking Complete Plumbing or Kitchens or with more than one Person per Room

Figure 32: Housing Condition Issues in New Mexico Counties




**Source: American Community Survey 5-year estimates for 2013-2017**

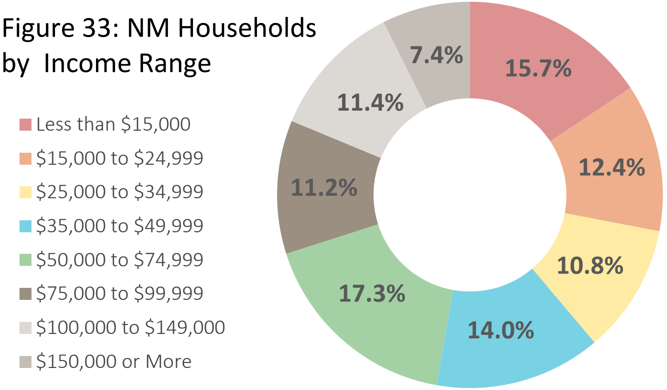
# AFFORDABILITY

## What is affordable housing?

Affordable housing is a function of income and housing costs. The standard for affordability used by the U.S. Department of Housing and Urban Development (HUD) is that housing costs are affordable if they do not exceed 30% of income. This standard is highly dependent on income level. For example, if a household is wealthy, choosing to spend more than 30% of income on housing costs would not be burdensome. However, lower income households, some of which earn below $15,000 per year, are hard pressed to even *find* housing priced at 30% or even 50% of their income. For these households, the 30% standard is an important guideline for establishing what should be spent on housing so that other essential needs, like food and health care, can also be met.

The pie chart at right shows the percentage of New Mexico households in different income categories, while the table shows the maximum monthly housing cost for each category based on 30% of income. Just under 16% of New Mexico households earn less than $15,000 per year and fall into HUD's extremely low income limit of $16,000. An additional 12.4% earn less than $25,000 per year and fall into HUD's very low income limit of $26,650. And roughly another 18% fall below HUD's low income limit of $42,600. In total, an estimated 46% of New Mexico households are low-income. HUD income limits referenced are FY 2018 HUD Statewide Income Limits for New Mexico for a family three, consistent with New Mexico's median household size of 2.7 persons.

Figure 33: NM Households by Income Range




**AFFORDABLE HOUSING COSTS**
**BASED ON 30% OF HOUSEHOLD INCOME**

| Annual HH Income | Monthly HH Income | Maximum Monthly Housing Cost |
|---|---|---|
| $15,000 | $1,250 | $375 |
| $25,000 | $2,083 | $625 |
| $35,000 | $2,917 | $875 |
| $50,000 | $4,167 | $1,250 |
| $75,000 | $6,250 | $1,875 |
| $100,000 | $8,333 | $2,500 |

**Source: American Community Survey 5-year estimates for 2013-2017**

# AFFORDABILITY

## What is Cost Burden?

Cost burden is a measure of housing affordability. Cost burdened households pay more than 30% of their income in housing costs and extremely cost-burdened households pay more than 50%. Cost burden for renters and homeowners differs greatly and continues to diverge. The fundamental difference is that renters have much lower incomes than homeowners overall. In New Mexico, for example, the median household income for renters is $30,085, compared to $56,930 for homeowners.

Nationally, cost burden for renters has doubled since the 1960s, when incomes began to fall behind increases in housing costs. The highest renter cost burden occurred during the Great Recession when large numbers of foreclosed homeowners entered the rental market and fewer renters pursued homeownership due to tight credit standards, high student debt, a weak job market and stagnating incomes. The resulting increase in the number of renters put pressure on the rental market, driving up occupancy rates and rents. While rental demand remains strong, this trend has begun to reverse as more Millennials, now in their thirties, increasingly form households and purchase homes. (*Joint Center for Housing Studies, 2018)*

# AFFORDABILITY

## Cost Burden

In the U.S., cost burden has declined from its peak in 2010. However, the decline has occurred among homeowners as a result of low interest rates and because many cost burdened homeowners became renters during the Great Recession. On the other hand, renter cost burden has only improved modestly, leaving close to half of renters cost-burdened nationwide. (*Joint Center for Housing Studies, 2018)*

In New Mexico, a total of 22.0% of homeowners are cost-burdened, including 9.4% that are extremely cost-burdened. This is lower than the U.S. rates of 23.7% and 9.5%, respectively, primarily because New Mexico has a high rate of owner-occupied homes without mortgages, 44.5% compared to 36.5% in the U.S.

Because renters have lower incomes than homeowners, 44.5% of New Mexico renters are cost-burdened, including 22.6% that are extremely cost-burdened. In the U.S., the percentages of cost-burdened and extremely cost-burdened renters are slightly higher at 46.8% and 23.7%, respectively.

Figure 34: Cost Burden for NM Homeowner Households

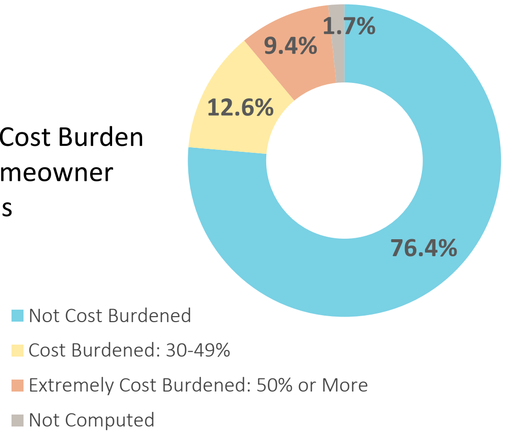
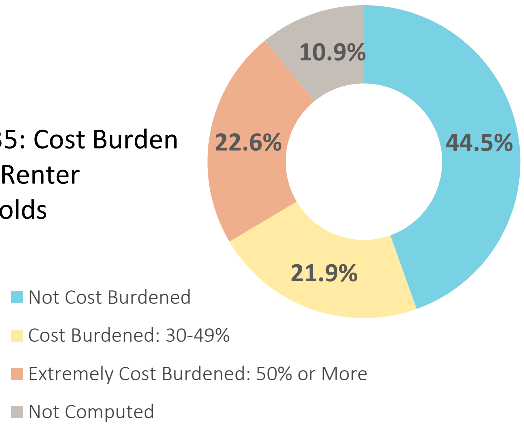



Figure 35: Cost Burden for NM Renter Households

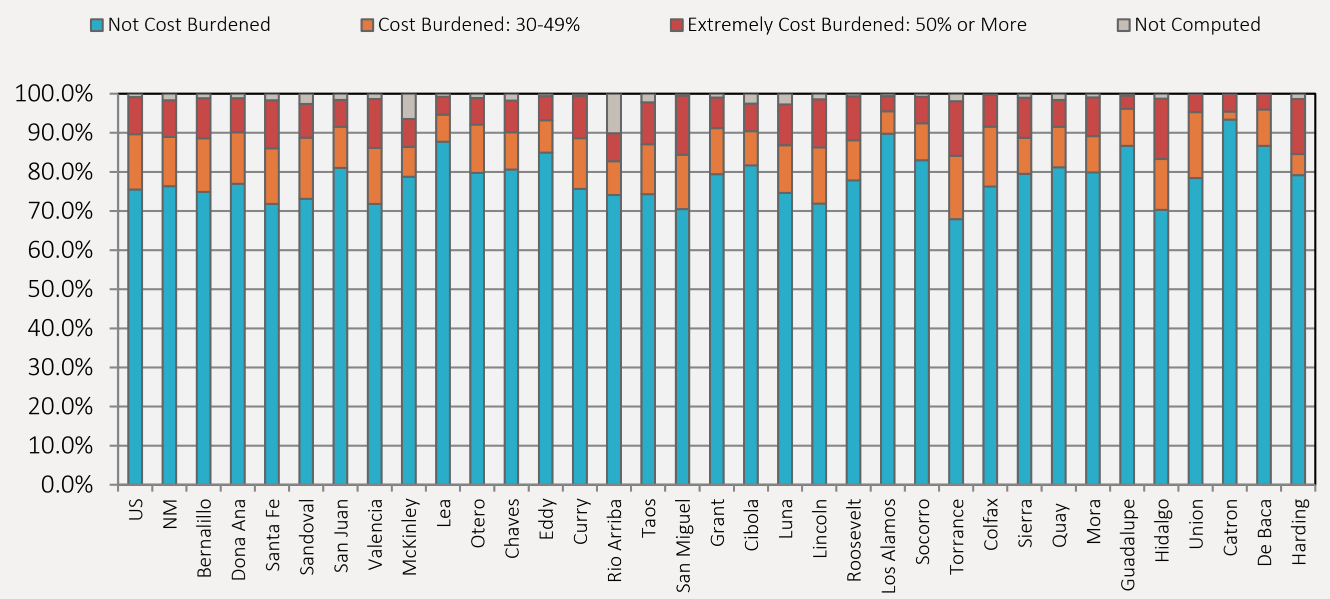



**Source: American Community Survey 5-year estimates for 2013-2017**

# Affordability Indicators

## Cost Burden for Owner-Occupied Households

Figure 36: Homeowner Cost Burden in New Mexico Counties

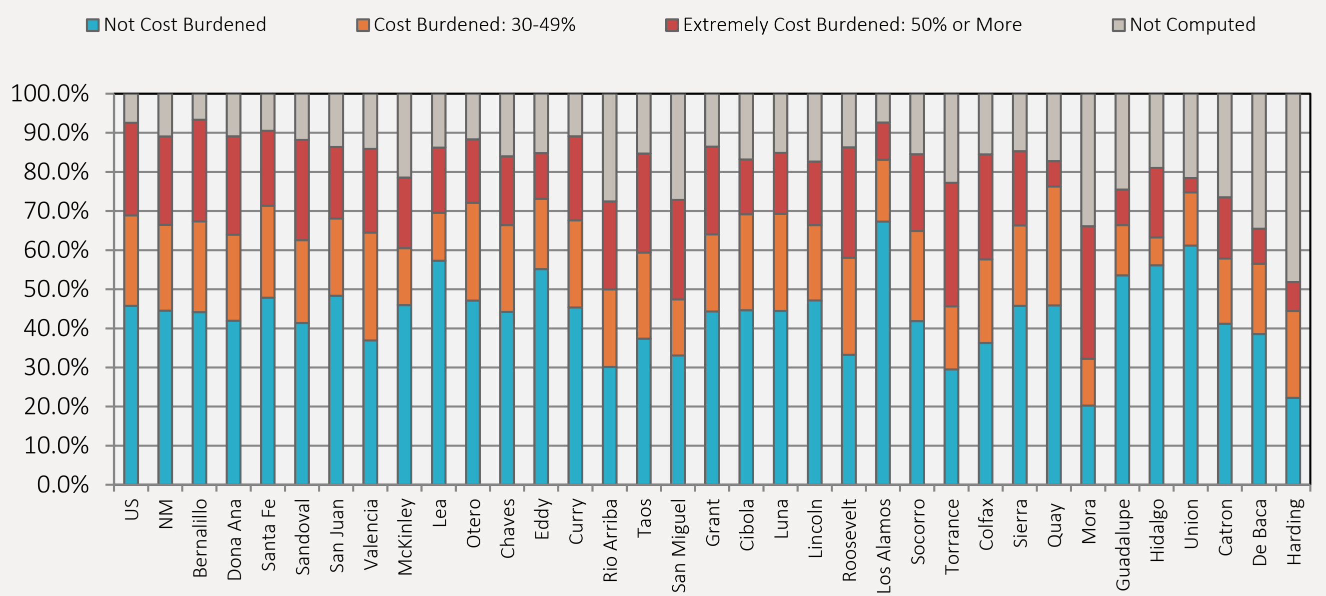



**Source: American Community Survey 5-year estimates for 2013-2017**

# Affordability Indicators

## Cost Burden for Renter-Occupied Households

Figure 37: Renter Cost Burden in New Mexico Counties




**Source: American Community Survey 5-year estimates for 2013-2017**

# AFFORDABILITY

## Buying a Home

The percentage of renters who can afford a median-priced home is a good measure of affordability because most homes are purchased by people who are currently renting. The map at right shows the percentage of renter households in each county that can afford the median home price in that county as reported by the New Mexico Realtors Association for 2018. The percentage of households was estimated using the following assumptions: 32% debt to income ratio, 30-year fixed rate mortgage at 4.75% with a 5% down payment, property taxes at 1% of purchase price, homeowners insurance of $700 per year and property mortgage insurance at 0.9% of the loan amount. Because no assumptions were made about the credit-worthiness of the household, this analysis overestimates the percentage of households that qualify to purchase a home.

For New Mexico as a whole, 28.3% of renter households can qualify for the 2018 statewide median purchase price of $200,000, based on incomes reported by the American Community Survey. This standard is used to represent average affordability at the county level.

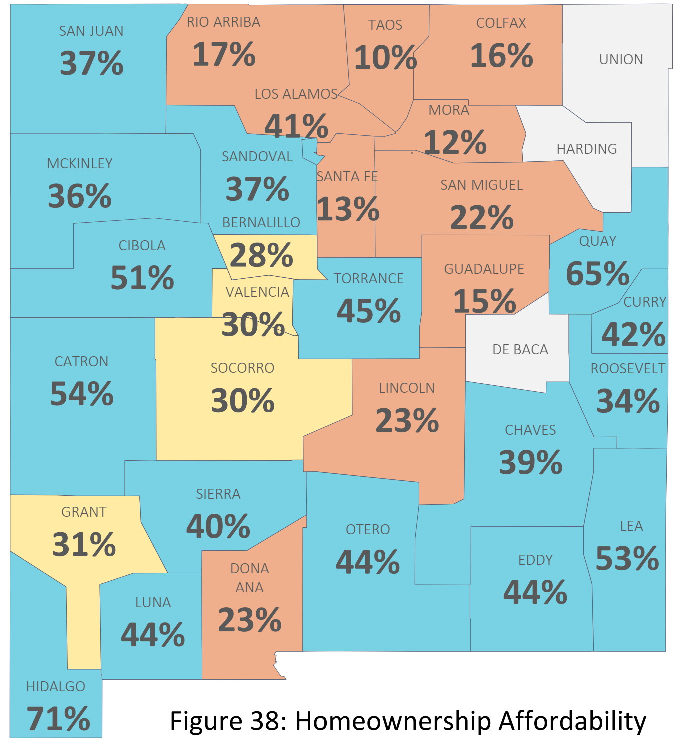



Figure 38: Homeownership Affordability

| | |
|---|---|
| **GOOD AFFORDABILITY** | 32% or more of renter households can qualify for the median-priced home |
| **AVERAGE AFFORDABILITY** | 25-31% of renter households can qualify for the median-priced home |
| **POOR AFFORDABILITY** | 24% or less of renter household can qualify for the median priced home |
| **INSUFFICENT DATA** | Less than 10 home sales per year |

# Affordability Indicators

## Home Prices and Sales

As mentioned earlier, affordability is a function of both income and housing costs. For this reason, affordability is good in counties ranging from Los Alamos, where home prices and incomes are both high, to Cibola, Luna and Quay and where home prices and incomes are both low. Outside of these areas, some notable trends exist:

- Except for Santa Fe, affordability is good to average in New Mexico's metropolitan areas, due to greater economic opportunities and a wide range of home prices. Note that Dona Ana County barely falls into the "poor affordability" category, with 23% of renters being able to afford a median-priced home.

- Affordability is good in counties with economies driven by military installations (Otero and Curry) and oil and gas production (San Juan, Lea, Eddy and Chaves), because incomes are high and home prices are low to moderate. However, extraction workers are highly mobile and often choose to rent or stay in temporary housing rather than purchase homes.

- Affordability is very poor in Santa Fe and Taos because a high percentage of vacation and second homes drives home prices out of reach of local households. Vacation and second homes are also affecting affordability in Lincoln County, where the economy also relies on tourism.

- Low incomes impact affordability in the northern counties of Rio Arriba, Colfax and San Miguel, despite the fact that home prices are below the statewide median.

- Some of the state's small rural counties effectively do not have home sales markets. At less than 10 home sales per year, a comparison of incomes to home prices in those counties would be misleading.

- There were a record number of home sales in New Mexico in 2018, and the number of home sales has increased steadily in almost every county since 2015.

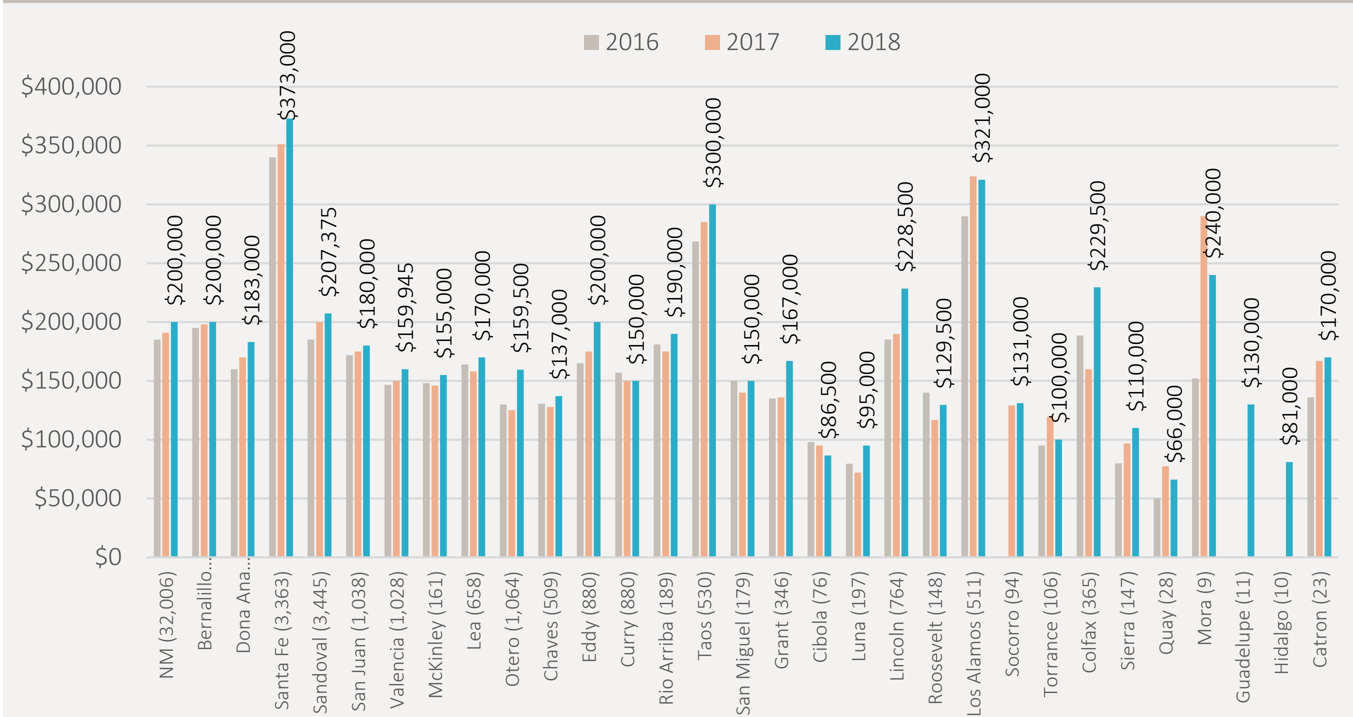
- Along with the higher activity, home prices were higher in almost every county in 2018, as well:
  - ✓ 2018 home prices broke declining price trends in McKinley, Lea, Otero, Chaves, Curry, San Miguel, Luna, Roosevelt counties.
  - ✓ In 2018, home prices declined in Cibola, Los Alamos, Torrance, Quay, Mora and De Baca counties.
  - ✓ All other counties had either year-over-year increases or flat sales prices.

- There were no home sales in Harding County in 2018.

# Affordability Indicators

## Median Home Sales Prices

Figure 39: Median Home Price, 2018




*Number of home sales, 2018 in parenthesis*

**Source: New Mexico Association of REALTORS, 2018**

# AFFORDABILITY

## Renting

While rents are relatively affordable in New Mexico, finding and keeping affordable housing is challenging for many renters, especially those in the lowest income categories. The map at right estimates the percentage of renter households that can afford average rent in their county, based on 30% of household income.

For New Mexico as a whole, 49% of renter households can afford average rents for their counties. This standard is used to represent average affordability at the county level. Average rents are taken from recent rental surveys by CBRE for Albuquerque, Rio Rancho and Santa Fe and by the Bureau of Business and Economic Research (BBER) at the University of New Mexico for the rest of the state.

As with homeownership, renter affordability can be good in counties where rents are high, provided that incomes are also high. Good examples of this are Los Alamos and Sandoval counties. The oil and gas producing areas of the state also have good affordability, due to higher incomes. Counties with poor affordability have renters that are concentrated in lower-income tiers, including those earning $15,000 per year or less. Finally, average affordability occurs in New Mexico's urban counties, where renters and rental properties are concentrated.

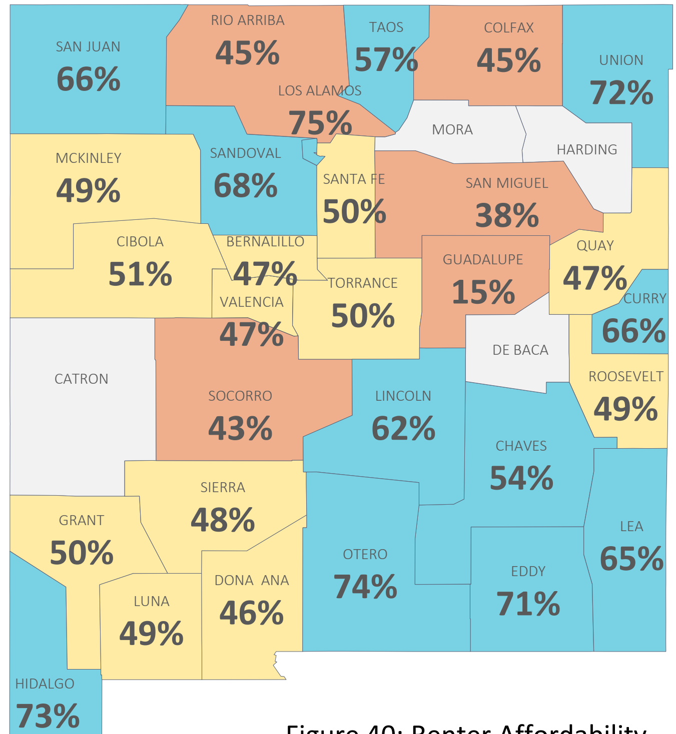



Figure 40: Renter Affordability

| | |
|---|---|
| **GOOD AFFORDABILITY** | 51% or more renter households can afford average rent |
| **AVERAGE AFFORDABILITY** | 46-52% of renter households can afford average rent |
| **POOR AFFORDABILITY** | Less than 46% of renter households can afford average rent |
| **INSUFFICENT DATA** | No average rent data available |

# Affordability Indicators

## Average Rents

In New Mexico, apartment rents and occupancy rates are tracked through two surveys, one conducted annually by the Bureau of Business and Economic Research (BBER) on behalf of MFA for rural counties, and another conducted in May by CBRE, a commercial realty, for the large markets of Albuquerque and Santa Fe. Rents reported by BBER for Sandoval County represent the rural part of Sandoval County only, while the higher-priced Rio Rancho market is included in the Albuquerque market survey. Average weighted rents are shown for 2015-2018 in Figure 41. Please note the following:

- New Mexico's highest rents are concentrated in the high-cost markets of Santa Fe and Los Alamos, followed by Albuquerque. Rio Rancho properties have higher rents than the Albuquerque market in which they are included.

- In 2018, rent increased from 2017 in most urban counties, including Valencia, which is experiencing increased economic activity from a new Facebook data center.

- For semi-urban and rural counties, some counties experienced rent decreases and others experienced rent increases between 2017 and 2018, with no clear pattern for those changes.
  - ✓ While rents increased in Lea County between 2017 and 2018, they decreased in Chaves and Eddy counties despite a boom in economic activity in the Carlsbad area. Economic activity and a resulting housing shortage are better reflected in Eddy's County apartment vacancy rate, which was the lowest in the state in 2018.

- With a few exceptions, average rents in the rural counties generally fall below $600. Rural counties tend to have lower incomes, lower rental demand and older properties, all of which contribute to lower rents.

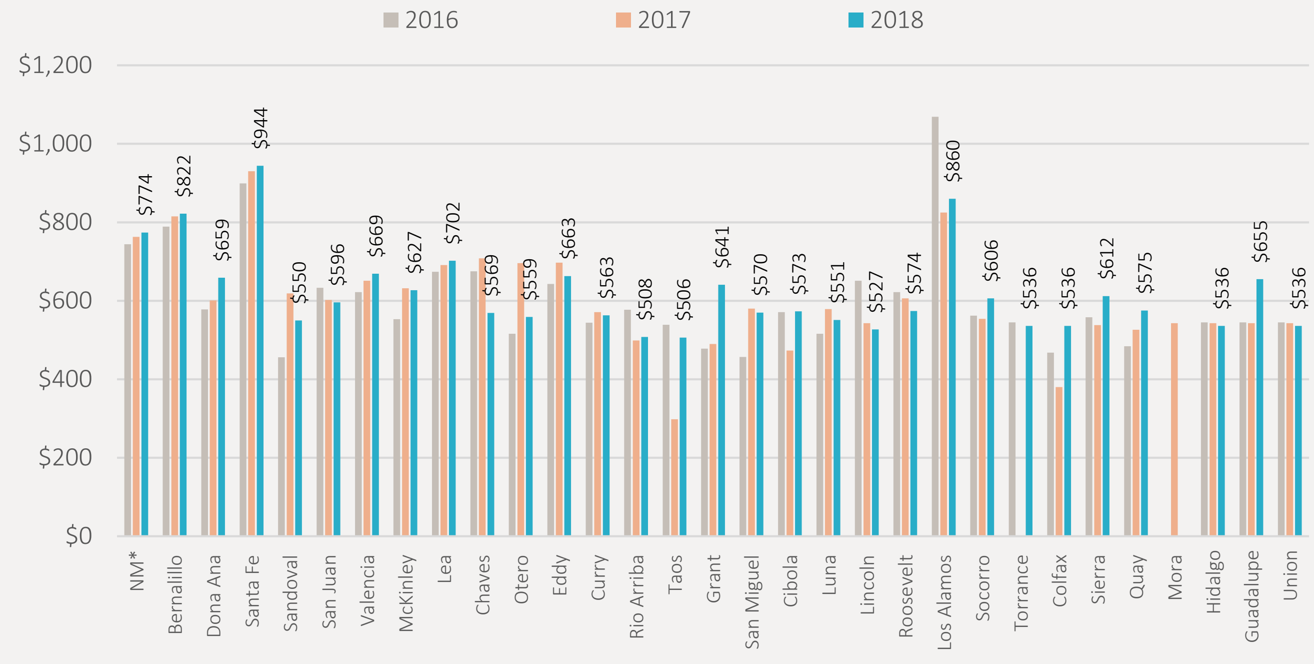
- There is no data for the rural counties of Catron, De Baca and Harding, which have populations under 5,000, very few renters and few if any apartments.

- The small rural counties of Torrance and Mora counties have data for some, but not all, years, due to a low number of properties that may or may not respond to the annual survey.

# Affordability Indicators

## Average Rents

Figure 41: Average Rent in New Mexico Counties

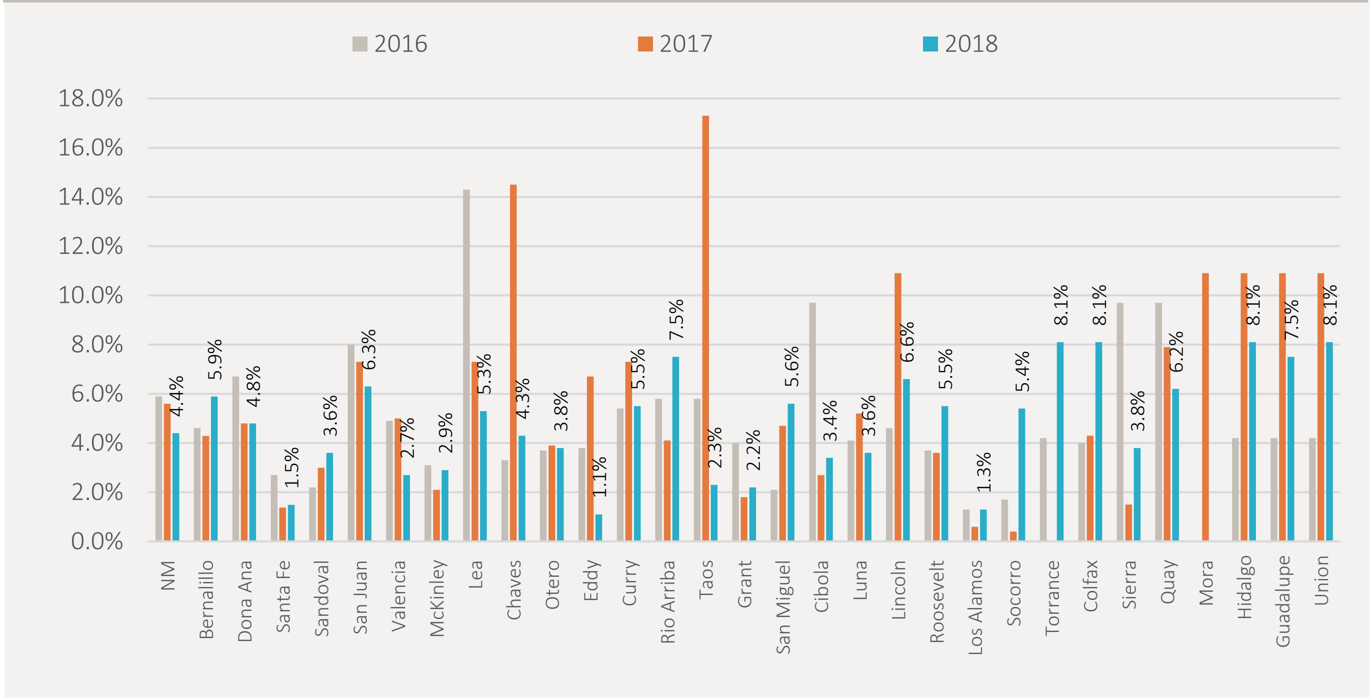



**NM Average Rent is a weighted average among CBRE average rents for Albuquerque and Santa Fe and the statewide average rent from the BBER survey.*

**Source: BBER and CBRE Rental Surveys**

# Average Rental Vacancy Rate

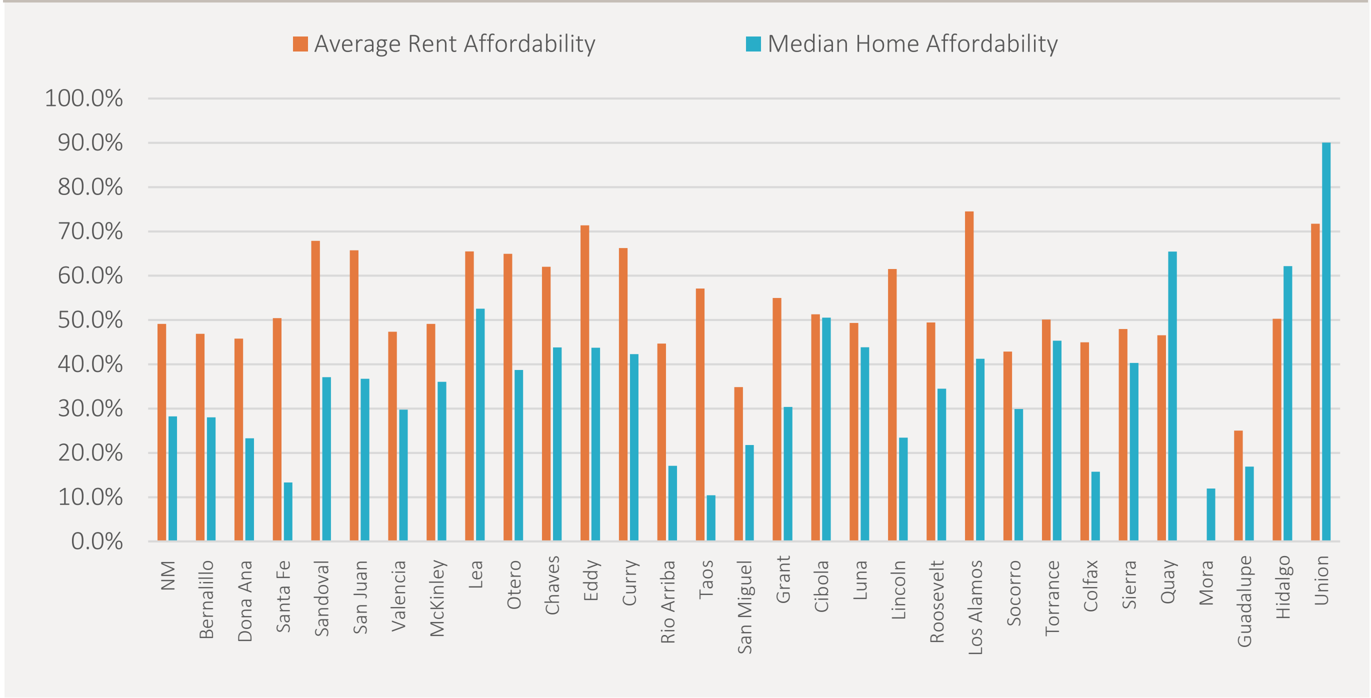
Figure 42: Rental Vacancy Rates in New Mexico Counties




**Source: BBER and CBRE Rental Surveys**

# Affordability

Figure 43: Percent of Renters who Can Afford Average Rent and the Median-Priced Home




**Source: MFA tabulations of New Mexico REALTORS Association median home prices, BBER and CBRE average rents and household incomes from American Community Survey 5-year estimates for 2013-2017**

# HOUSING NEEDS

## Methodology

Every housing market in the U.S. is unique, and this is perhaps more true in a large, rural state like New Mexico. In New Mexico, the metro area within Albuquerque and Rio Rancho is the closest to a functional housing market. At a basic level, its growing population and stable economy attract developers who build housing of diverse types and price points.

Housing in rural areas is very different. Because residents of large rural counties rely on a handful of mid-sized and small cities for goods, services and jobs, it is critical that those cities provide sufficient quality, affordable and diverse housing options. Yet because growth rates are negative in many counties outside of the metropolitan areas, these cities struggle to attract new development and investment. Many rely on work-around solutions, including a disproportionate number of mobile and manufactured homes, or suffer from overcrowding or poor housing conditions due to sheer lack of housing stock.

This report attempts to identify and quantify housing needs as follows:

**Rental Apartments:** The need for rental apartments in each county is estimated by calculating a target number of apartments based on population, then subtracting existing apartments to estimate the number of apartments needed. The methodology used for the target number of apartments is: 2017 county population plus positive five-year growth (if any), multiplied by 18% (rural) or 24% (urban) residents who live in apartments, divided by New Mexico's average household size of 2.65 persons. This assumes an average renter rate of 35%, including households renting single family homes and mobile homes in addition to apartments. Please note the following:

- The 18.0% percent standard for apartments in is higher than the state average of 15.4% percent but lower than the national average of 24.3%.
- The 24% standard for apartments is used for Bernalillo, Dona Ana and Santa Fe counties, which are New Mexico's urban centers.
- Statewide, It is assumed that new apartment development will occur in cities that serve as hubs for goods, services and jobs, rather than in remote areas where there is little population density.
- This analysis only estimates whether counties have an adequate number of apartments to provide a diverse housing market. Other factors, like the age of the existing apartment stock, are not included in this analysis but could result in additional apartment need if older apartments need to be replaced.

# HOUSING NEEDS

## Albuquerque Metro

The Albuquerque Metropolitan Statistical Area (MSA) is the economic and population center of the state of New Mexico. It consists of Bernalillo, Sandoval, Valencia and Torrance counties, with a combined population of 915,927 or 44% of the state's population. The cities of Albuquerque and Rio Rancho are the first and third largest in the state, at 556,718 and 93,317 in population, respectively, according to 2017 American Community Survey 5-Year Estimates. These cities and the small municipalities and unincorporated places adjacent to them function as a cohesive housing market. There is constant churn and demand for all types of housing at different price points. On the other hand, much of Valencia, Torrance and Sandoval county outside of Rio Rancho are rural in nature and suffer from a lack of investment and development like other rural communities.

**Owner-Occupied Housing:** Consistent with national trends, residential housing starts have been slow to reset after the Recession. Increased construction costs for materials and labor are further limiting the supply of affordable starter homes which are in high demand due to Millennials entering the market. These are important factors constraining housing in Albuquerque, Rio Rancho and in Los Lunas, where the market is now facing significant pressure due to growth from a Facebook data center that recently located there.

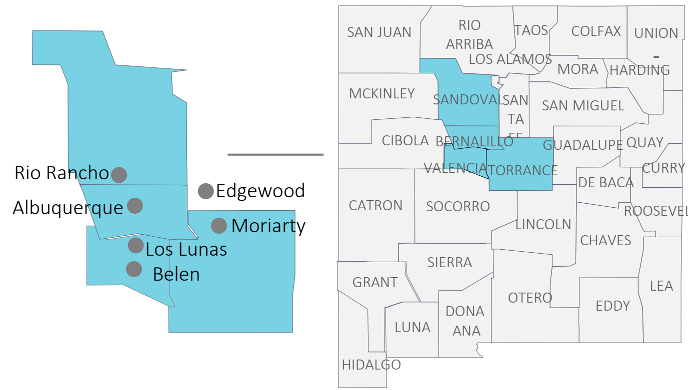



Figure 43: Albuquerque MSA

**Bernalillo, Sandoval, Valencia & Torrance Counties**

In addition to supporting new growth and economic development in the large cities, new single family development is needed in the rural parts of the MSA. Communities in Valencia and Torrance counties have long served as affordable bedroom communities for people who work in Albuquerque. However, new development has been sparse in recent years. High rates of manufactured housing indicate that these largely rural counties can likely support a modest level of new single family development, regardless of growth or economic development.

Throughout the MSA, new single family development should include townhomes and condos, housing types that are in high demand in Albuquerque and lacking in other parts of the MSA.

# HOUSING NEEDS

## Albuquerque Metro

**Rental Housing:** In the rental market, Albuquerque has historically supplied most of the apartment stock for the entire MSA. Rio Rancho evolved as a single family residential community and this legacy has resulted in a disproportionate percentage of single family homes compared to other housing types. Valencia County and the East Mountain area (located in Bernalillo and Torrance counties) continue to be largely rural, which also favors single family development. As a result, Albuquerque has a healthy rental market that supports its own population as well as neighboring communities. However, as Rio Rancho continues to grow and small cities like Los Lunas and Edgewood develop, it is important that they diversify their housing stock through apartment development. Even at a small scale, this will enable them to evolve as modern communities with a mix of urban and rural amenities.

The following are considerations related to new apartment development:

- **Senior Apartments in Valencia and Torrance Counties.** Some senior apartment development is needed in Valencia and Torrance counties. While Valencia County has younger households, BBER and MFA have only identified one senior complex in Belen and one in Los Lunas. The need for senior apartments is greatest in Torrance County, due to an aging population and a lack of apartments overall.

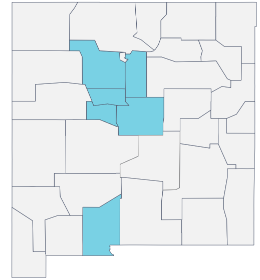
- **Affordable and Market Rate Apartments in Los Lunas.** The Los Lunas and Belen markets currently have a mix of market rate and affordable apartments, with affordable outnumbering market properties. With new, higher wage economic development in Los Lunas, more market rate units are needed to accommodate the growing workforce, while affordable units are needed to ensure that current residents are not left behind. This is especially important because incomes in Valencia County are below the state median and average rents have steadily increased from $593 in 2015 to $699 in 2018.

- **Small Units in Valencia County.** BBER and MFA records indicate that no efficiency units exist in Valencia County. New apartment development should include new efficiencies, especially with economic development opportunities increasing in Los Lunas.

- **Apartment Pipeline in Albuquerque.** Based on CBRE's May 2018 Multifamily Market Survey, the Albuquerque rental market remains strong, but is experiencing slightly higher vacancy rates (96% in 2018 vs. 94% in 2017) and slower rent growth ($841 in 2018 vs. $834 in 2017). The survey also identifies an estimated 400 affordable and 1,200 market-rate units in the pipeline for delivery in 2018-2020. With vacancy rates trending up and rents growing slowly, new units in the pipeline may accommodate demand for the next few years.

# Rental Demand

## Metropolitan Statistical Areas



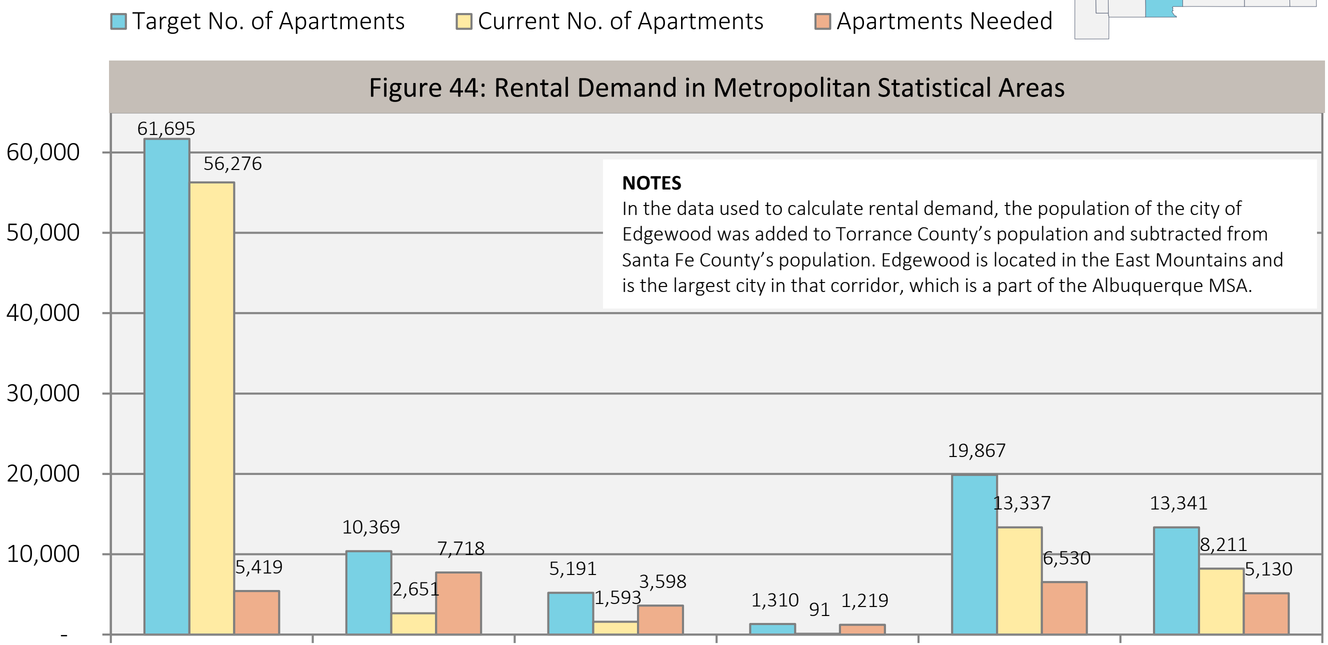



Figure 44: Rental Demand in Metropolitan Statistical Areas

| | Bernalillo | Sandoval | Valencia | Torrance[1] | Dona Ana | Santa Fe |
|---|---|---|---|---|---|---|
| **2018 Population** | 678,701 | 145,179 | 76,456 | 15,591 | 217,522 | 150,056 |
| **5-Yr Growth Rate** | 0.37% | 5.94% | 0.71% | -0.50% | 1.61% | 1.51% |
| **Rental Markets** | Albuquerque | Rio Rancho, Bernalillo | Los Lunas, Belen | Edgewood, Moriarty | Las Cruces, Anthony, Hatch, Santa Teresa, Sunland Park | Santa Fe |

# HOUSING NEEDS

## Northwest New Mexico

The cities of Farmington, Bloomfield, Aztec and Shiprock in San Juan County and the city of Gallup in McKinley county serve as hubs for a large area of the state, including the portion of the Navajo Nation that lies within New Mexico. City residents, residents of nearby Navajo chapters and rural communities, workers in the energy sector, and people moving through this well-traveled area rely on these cities for goods, services and employment. In Cibola County, the small city of Grants is also a center of services for the area between Albuquerque and Gallup, which includes the Pueblos of Laguna and Acoma and some Navajo Nation chapters.

**Economic Conditions and Growth:** All three counties in the Northwest are suffering from economic decline and population loss. Cibola County's economy has struggled since the curtailment of uranium mining in the 1980s. Over the past decade, the decline in natural gas prices has resulted in substantial job loss and high housing vacancies in San Juan County. While the city of Gallup in McKinley County remains a vibrant tourist and retail hub, basic services and plans for industrial development are currently hampered by a lack of qualified workforce.

**Owner-Occupied Housing:** San Juan, McKinley and Cibola counties have high home-ownership rates of 70% or more. However, 50% of owner-occupied homes are detached or attached site-built homes. This is because mobile and manufactured homes make up a disproportionate percentage (21-32%) of owner-occupied housing. Also, average

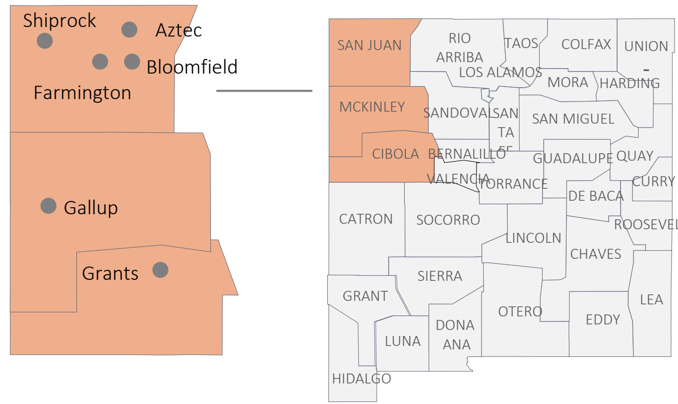



Figure 45: Northwest New Mexico
**San Juan, McKinley and Cibola Counties**

household sizes are the largest in the state (2.8-3.7 persons), resulting in some overcrowding. As a result, the region could likely support some new site-built development, including single family homes and attached townhomes/condos, a product type that is extremely underrepresented in this region.

In addition, robust rehabilitation of older homes is of critical importance, given that the region has a disproportionately high percentage of housing condition issues. Rehabilitation could address a variety of the region's critical needs: 1) provide workforce housing in Gallup by rehabbing numerous vacant and run-down homes, some of which are rented by absentee owners; 2) provide age-in-place solutions, especially in Cibola County, where the population is older; and 3) address housing condition issues in in rural areas, including on tribal lands.

# HOUSING NEEDS

## Northwest New Mexico

**Rental Housing:** Currently, there is a decent inventory of both affordable and market rate apartments in Aztec and Farmington and a largely affordable apartment inventory in Bloomfield and Gallup. The apartment inventory in Grants also includes affordable and market rate units, but is more limited and quite old, built in 1980 or earlier. For various reasons described below, all markets except Farmington can support some level of new rental development:

- **Extremely Low Income and Workforce Housing in Gallup.** Gallup has a high rate of renters (40%), many of whom are extremely low income. Thirty-seven percent of renter households in McKinley County fall below 30% AMI, compared to 26% in New Mexico overall. The city also lacks quality rental units for its critical workforce, including teachers, nurses and public safety workers, many of whom are recruited from outside the community. New federal regulations that allow income averaging in LIHTC properties may provide an opportunity to address rental demand for both groups in the same property.

- **Caution with New Rental Development in Farmington**. While this report indicates a need for rental units in San Juan County, job loss in and around Farmington has resulted in the county having one of the highest negative growth rates in the state, as well as a high apartment vacancy rate. Therefore, any new apartment development should be carefully planned around housing that can be easily absorbed. This could include affordable products and 1-bedroom units, for which vacancy rates are very low.

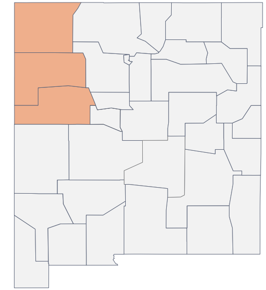
- **New Apartments in Grants.** While Cibola County is losing population and struggling economically, its aging apartments either need to be substantially rehabilitated or new units built. Low incomes combined with the lack of recent development suggest that new development should prioritize affordable products which can be easily absorbed.

- **Small Rental Units Needed Region-Wide.** All three counties have large average household sizes (2.8-3.7 persons) and existing apartments appropriately include a high number of two and three-bedroom units. However, vacancy rates are lowest for the region’s limited efficiency and one-bedroom units, suggesting a need for smaller units region-wide.

- **Senior Rental Housing Needed Region-Wide.** San Juan and McKinley counties have relatively young populations and a lower than average percentage of senior-headed households. Cibola County has a slightly higher than average rate of senior households. While demographics alone do not indicate a need for senior housing, there are very few senior apartments in the three counties, indicating that some new senior rental development is needed.

# Rental Demand

## Northwest New Mexico



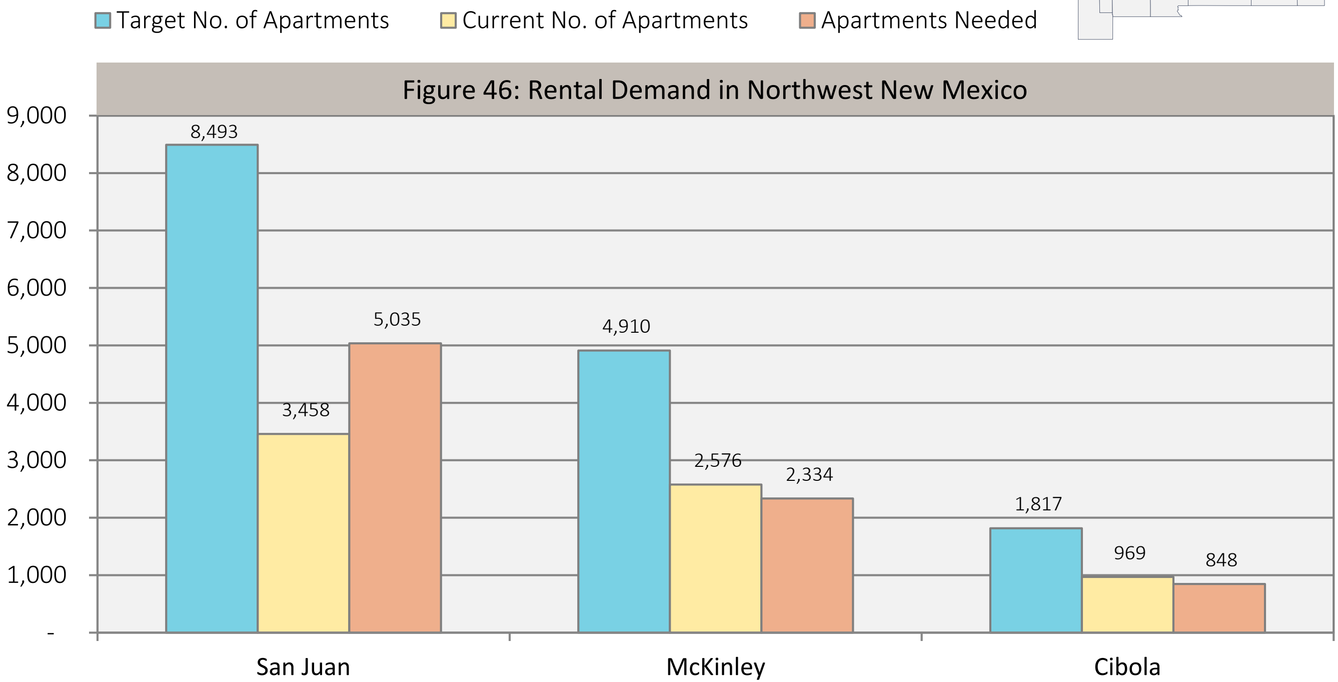



Figure 46: Rental Demand in Northwest New Mexico

| | San Juan | McKinley | Cibola |
|---|---|---|---|
| **2018 Population** | 125,043 | 72,290 | 26,746 |
| **5-Yr Growth Rate** | -3.14% | -0.71% | -1.52% |
| **Rental Markets** | Farmington, Shiprock, Bloomfield, Aztec | Gallup | Grants |

# HOUSING NEEDS

## North Central New Mexico

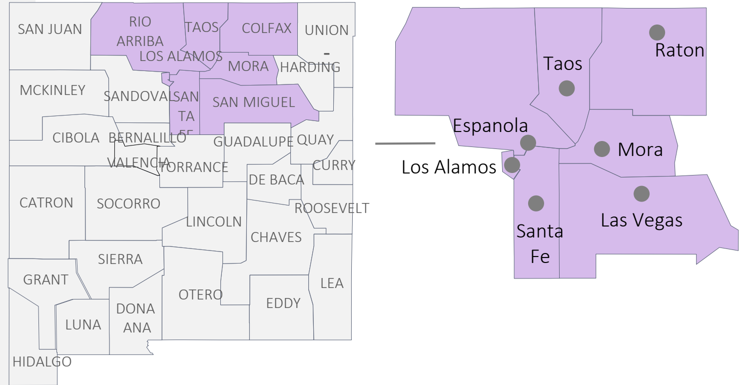



Figure 47: North Central New Mexico
**Santa Fe, Rio Arriba, Taos, San Miguel, Los Alamos, Colfax and Mora Counties**

In many ways, North Central New Mexico is the cultural heart of the state. It is home to eight of the state's Pueblo tribes, and is dotted with agricultural villages established by Spanish and Mexican settlers along the banks of the Rio Grande. To this day, it retains a high percentage of Native American and Hispanic residents. Communities throughout the region have experienced varied economic and cultural changes, such as the rise and fall of mining in Colfax and Taos counties, construction of the railroad in San Miguel County in the 1890s, establishment of arts colonies in Taos and Santa Fe in early 1900s, opening of Los Alamos National Laboratories in 1943, and more recently, the growth of a tourism-based economy throughout the region.

**Economic Conditions and Growth:** Most counties in North Central New Mexico are losing population and struggling economically. Rio Arriba, Taos, Colfax, Mora and San Miguel counties have poverty rates at or above the state average and substantially lower median household incomes than the state average. These counties rely on tourism and have service-based economies with concentrations of low paying jobs. Until recently, mining in Questa provided some high-paying jobs; however, the mine permanently closed in 2014.

The major drivers of well-paying employment in North Central New Mexico are Los Alamos National Laboratories and government employment in the state capitol of Santa Fe. Los Alamos and Santa Fe are the only counties in the region with positive growth rates, with Los Alamos having the highest growth rate in the state. Both counties have lower than average poverty rates and higher than average incomes. Los Alamos County also boasts one of the highest median household incomes in the nation, clearly an anomaly in a poor state.

**Owner-Occupied Housing:** With the exception of Santa Fe and to some extent, Taos, North Central New Mexico suffers from aging housing stock and lack of new development. Construction is generally expensive in this remote, mountainous region and the tourism economy has inflated housing prices. In Santa Fe and Taos, for-sale homes are now priced beyond the means of most locals or used as second homes and vacation rentals. Older homes that are candidates for rehabilitation are often priced high in Santa Fe and Taos, but could be an important component of mid-priced housing in places like Las Vegas and Raton.

# HOUSING NEEDS

## North Central New Mexico

For all of these reasons, a high priority should be placed on rehabilitation for low income homeowners, and acquisition, rehabilitation and resale of homes to low and moderate home buyers. Weatherization and energy-efficiency improvements are equally important, given low temperatures and the fact that many rural residents rely on propane—an expensive heating option—to heat their homes.

In terms of new residential construction, there is a great need for affordable production region wide. However, only Santa Fe has been successful in this regard, both by attracting production builders and by working with lenders and developers such as Homewise and the Santa Fe Housing Trust that specialize in affordable homeownership. These models, which incorporate mandatory affordability periods, homebuyer counseling and other tools, can and should be expanded to other North Central New Mexico counties. Another option is programs that help potential homeowners finance and build their own homes. Family-owned land is common in North Central New Mexico and is frequently used as the site for a manufactured home. With financing and construction assistance, some potential homeowners could better build wealth by constructing their own homes.

**Rental Housing:** All counties in North Central New Mexico can support new apartment development, particularly affordable product which can be easily absorbed in low income counties. Santa Fe and Los Alamos counties can support both new market rate and affordable apartments. Santa Fe, Taos, Las Vegas and most recently, Los Alamos, are active in developing affordable apartments with MFA products and have relationships with developers that will assist them with new production in the future. Recommendations below are focused on North Central New Mexico counties that have apartment needs but no recent development activity to address them:

- **New Apartments in Espanola.** Espanola is a city of 10,000 that serves as a hub for many rural communities in Rio Arriba County. MFA and BBER's records show that most apartments were built in the 1970s, with one LIHTC project built in 2000. The city has five apartment communities with 425 units, 178 of which are public housing and 100 of which may soon their affordability. Despite a lack of growth, Espanola is long overdue for new affordable apartments, based a number of factors: age of existing apartments, threats to affordability, a high percentage of low income residents, a disproportionate percentage of mobile homes and a large average household size of 3.02 persons, which indicates overcrowding.

# HOUSING NEEDS

## North Central New Mexico

- **Apartments in Colfax and Mora Counties**. Existing apartments in Colfax and Mora counties were built between the 1960s-1980s. Most of the apartment inventory is public housing located in Raton, Springer, Maxwell, Cimarron and Wagon Mound, with a few small apartment communities, affordable and market rate, in Raton and Angel Fire. Except for Angel Fire, a ski resort, it will be challenging for these communities to attract new development due to their negative growth rates. Strategies to preserve and develop apartments include: 1) rehabilitation of existing properties, 2) use of single-family housing stock for rental purposes, as described below, and 3) potentially building new, scattered site apartments in small cities where populations are concentrated. If new apartments are built, each apartment community should accommodate a wide range of needs including varying rent levels, apartment sizes, and especially, senior housing and universal design.

- **Single Family Rentals.** Many communities have vacant single family homes that could be repurposed as affordable rentals to meet local demand. This model could be used for cities as large as Raton, which is losing population and has high vacancy rates, to small villages that only need a handful of rentals to support their population.

# Rental Demand

## North Central New Mexico

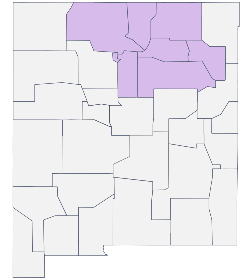
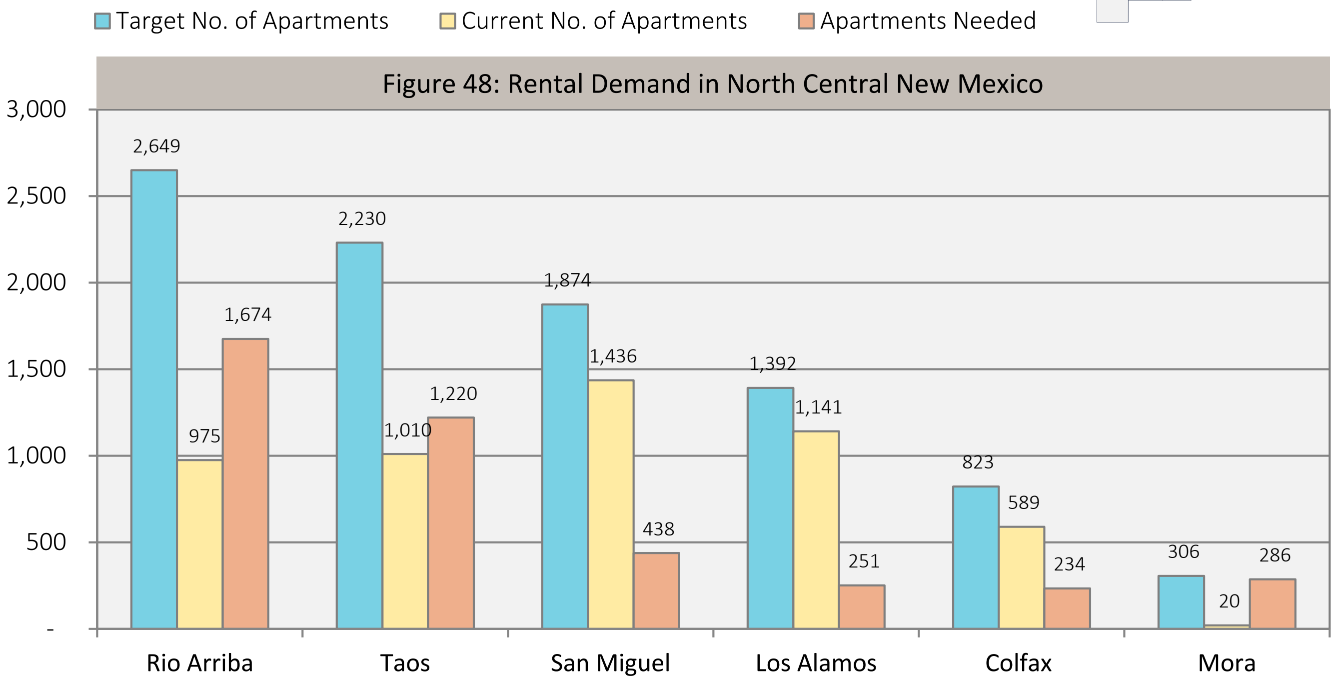


Figure 48: Rental Demand in North Central New Mexico




| | Rio Arriba | Taos | San Miguel | Los Alamos | Colfax | Mora |
|---|---|---|---|---|---|---|
| **2018 Population** | 39,006 | 32,835 | 27,591 | 19,101 | 12,110 | 4,506 |
| **5-Yr Growth Rate** | -1.84% | -0.41% | -3.21% | 7.27% | -4.78% | -2.38% |
| **Rental Markets** | Espanola | Taos | Las Vegas | Los Alamos | Raton | Wagon Mound, Mora |

# HOUSING NEEDS

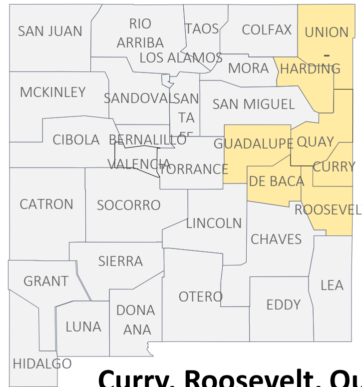
## Eastern New Mexico

Eastern New Mexico is the most rural and sparsely populated region of the state. Four of the state's six counties with less than 5,000 in population are located here. Historically, the region played an important role in trade via the Santa Fe Trail, the railroad, and Route 66 (present-day I-40). Agriculture, including peanut and cotton farming and cattle ranching for meat and dairy, continue to be economic staples. The region is home to Cannon Air Force Base in Clovis , Eastern New Mexico University in Portales and Mesalands Community College in Tucumcari. In recent years, a cheese manufacturing plant outside of Clovis, wind farm development and the Bravo Dome carbon dioxide gas field in Harding County have provided new economic opportunities for the region.

**Economic Conditions and Growth:** All counties in the Eastern region are losing population. The economies of Harding, DeBaca and Union are focused on agriculture, gas extraction and wind energy, which fit well with isolated locations. Guadalupe and Quay maintain tourist-based economies due to the location of Santa Rosa and Tucumcari along historic Route 66. Curry and Roosevelt are the largest counties and boast young populations due to Cannon Air Force Base and Eastern New Mexico College. All other counties in the region are aging.

While poverty rates vary across the region, all counties have median household incomes below the state average. Incomes in Curry County are close to the state average while incomes in Quay and Guadalupe counties are among the lowest in the state, below $30,000.





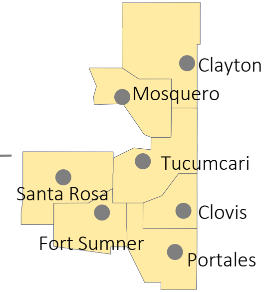




Figure 49:
Eastern New Mexico

**Curry, Roosevelt, Quay, Guadalupe, Union, DeBaca and Harding Counties**

**Owner-Occupied Housing:** Rehabilitation, weatherization and accessibility improvements to support the growing senior population is a high priority in Eastern New Mexico, which has the greatest concentration of old housing in the state. In the counties of Quay, Guadalupe, Union, DeBaca and Harding, less than 10 percent of the housing stock was built after 2000.

Guadalupe, Union, DeBaca and Harding counties typically report fewer than 10 home sales per year, and Quay County just under 30 sales. Low home sales along with population loss make new single family development unlikely. However, the high percentage of mobile homes in Guadalupe County indicates some inherent demand for modern homeownership options in Santa Rosa. The fact that the population in all counties except Harding is concentrated in one municipality may provide an aggregating effect for small developments in places like Tucumcari, Santa Rosa, Clayton and possibly, Fort Sumner. If new single family development were to occur, attached units such as townhomes could offer some construction and cost efficiencies, as well as provide a product that is nearly non-existent in the region.

# HOUSING NEEDS

## Eastern New Mexico

**Rental Housing:** Rental needs in Eastern New Mexico differ significantly between the smaller counties, which have old and limited apartment stock, and the two larger counties, where new development can more easily be justified.

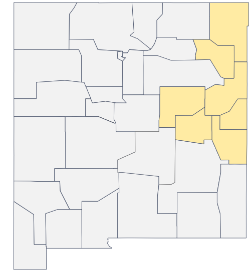
- **Harding, DeBaca and Union Counties.** New apartment development may seem unlikely for the region's three smallest counties, due to their small and aging populations, negative growth rates and remote locations. However, all three counties have extremely old housing stock, no or very few apartments consisting almost entirely of public housing built in the 1970s and single family homes serving as rentals. Strategies to provide modern, quality rental housing include continued use of single family homes for rent, particularly if those homes are rehabilitated and modernized, and potentially building new, scattered site apartments in small cities where the population is concentrated. If new apartments are built, each community should accommodate a wide range of needs including varying rent levels, apartment sizes, and especially, senior housing and universal design.

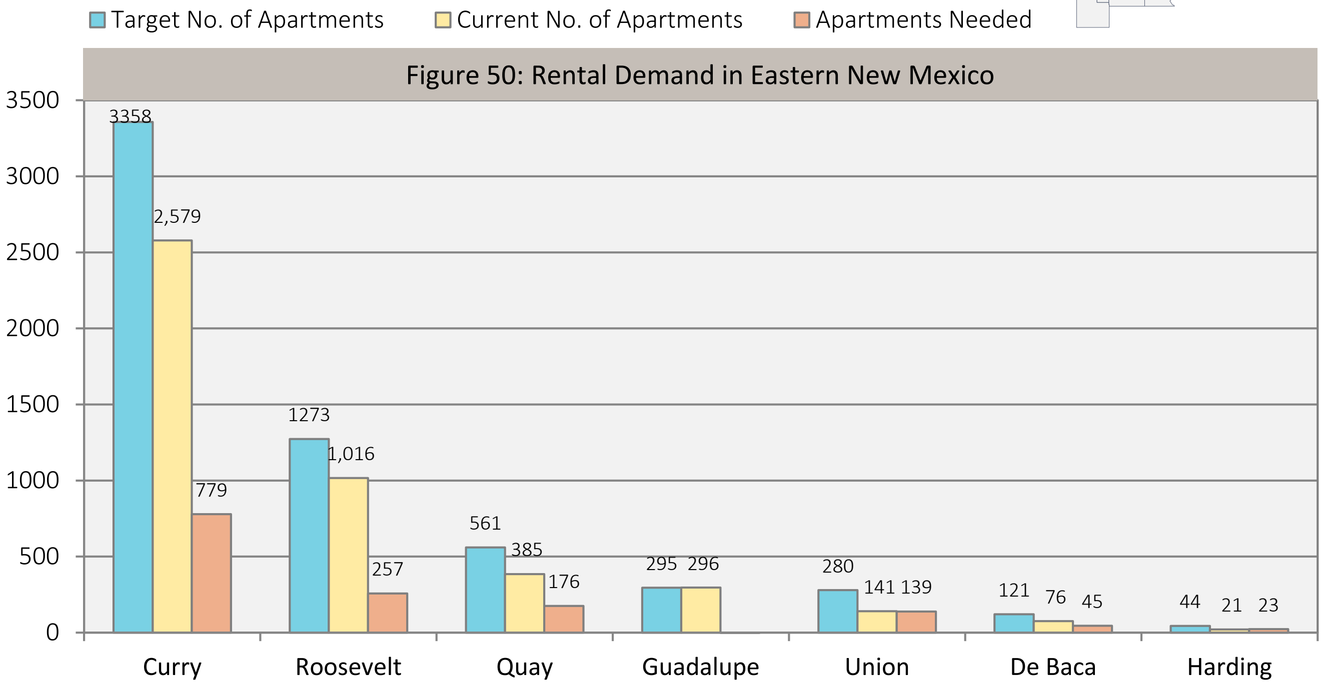
- **Quay and Guadalupe Counties.** The populations of Quay and Guadalupe counties are concentrated in the cities of Tucumcari and Santa Rosa. While Tucumcari has a larger population than Santa Rosa, the two are similar in that they are located along I-40, have tourism-based economies, and should support rental needs of their local workforce, which include service workers, personnel at the corrections facility outside of Santa Rosa and the student population attending Mesalands. Both cities have an inventory of five to seven apartment communities, with most being affordable and built in the 1970s to mid 1990s. The 2018 BBER Rental Survey reports higher than average vacancy rates in both Tucumcari and Santa Rosa. In Tucumcari, the high rates occur across all unit sizes, but especially for three-bedroom units; in Santa Rosa, they occur for two and three bedroom units, but are low for one-bedroom units. It is possible that the age of existing apartments and the lack of small units is driving up vacancy rates. Similar to Harding, DeBaca and Union counties, Santa Rosa and Tucumcari may be able to support limited new apartment development if designed to accommodate a wide range of needs, including various rent levels, smaller households and seniors.

- **Curry and Roosevelt Counties.** Curry and Roosevelt are larger counties where the cities of Clovis and Portales serve as the primary markets for jobs and housing. Both have a higher than average rate of renters due to Cannon Air Force Base and Eastern New Mexico College. Each community has a decent inventory of apartments, including affordable and market-rate, as well as more recent development activity. The 2018 BBER Rental Survey reports a slightly higher than average vacancy rate in these counties. This appears to be attributable to high vacancies for two bedroom units, which are predominant in both markets. Based on population, there is demand for new rental housing, which should include efficiencies and one-bedroom units as well as senior options.

# Rental Demand

## Eastern New Mexico






| | Curry | Roosevelt | Quay | Guadalupe | Union | De Baca | Harding |
|---|---|---|---|---|---|---|---|
| **2018 Population** | 49,437 | 18,743 | 8,253 | 4,341 | 4,118 | 1,781 | 655 |
| **5-Yr Growth Rate** | -3.28% | -4.64% | -2.52% | -2.30% | -3.06% | -4.20% | -5.48% |
| **Rental Markets** | Clovis | Portales | Tucumcari | Santa Rosa | Clayton | Ft. Sumner | |

# HOUSING NEEDS

## Southeast New Mexico

Southeast New Mexico is a diverse region built upon oil extraction, the military and tourism. The economies of Lea and Eddy counties center around oil production. Population is concentrated in the cities of Hobbs and Carlsbad, with Artesia and Eunice playing important roles in refining and uranium enrichment, respectively. The city of Roswell is also impacted by oil production but stands on its own as a major tourist and commercial center and home to a regional airport and the New Mexico Military Institute. Otero County, whose population is concentrated around Alamogordo, has an economy driven by Holloman Air Force Base and White Sands Missile Range. Finally, Lincoln County boasts a tourist-based economy drawn from its scenic national forest and associated recreation activities. Its population is concentrated in the small cities of Ruidoso and Ruidoso Downs.

**Economic Conditions and Growth:** In Lea and Eddy counties, the booms and busts of oil production have created unique challenges for housing, which is expensive and in short supply when oil prices are stable or high, but suffers from depreciation and disinvestment when prices and jobs fall off. Oil production the Southeast began to recover in 2008 after a devastating bust period that began in the 1970s. The wave of activity began in Hobbs and is now causing a housing crisis in Carlsbad, with spill-over effects felt as far away as Roswell. Accordingly, both Lea and Eddy Counties are growing and experiencing demand for both rental and single-family homes alike.

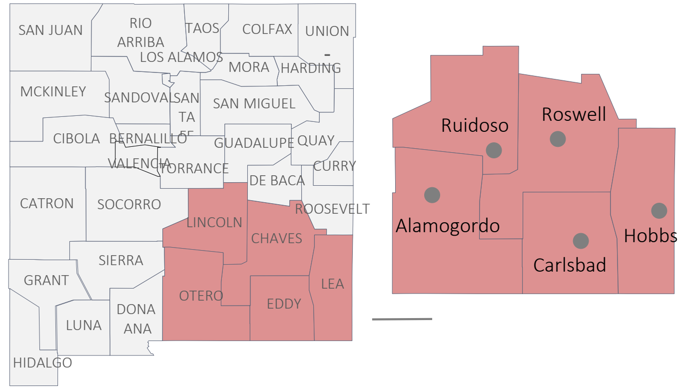



Figure 51: Southeast New Mexico
**Lea, Otero, Chaves, Eddy and Lincoln Counties**

In Otero County, a recent turnover in administration of Holloman Air Force Base fueled substantial out and in migration, resulting in price increases and more 2018 home sales than seen in a typical year. Lincoln County's economy is not undergoing economic changes; however, Ruidoso continues to struggle to provide affordable housing for service workers and essential workforce, due to a high rate of vacation rentals and second homes. Smaller towns, including Lincoln, Carrizozo and Capitan are continuing to develop their tourist economies.

# HOUSING NEEDS

## Southeast New Mexico

**Owner-Occupied Housing:** For various reasons, all counties in Southeast New Mexico can support new owner-occupied housing. Strong oil production is already fueling new subdivision development in the Carlsbad area, and production builders are continuing to develop in Hobbs. Typically, these subdivisions include mid-priced and affordable homes, with more expensive homes falling to custom builders. In addition, there is a strong need for rehabilitation of aging housing stock in Eddy and Lea counties due to disinvestment during bust periods.

All counties in the region except Chaves can support new residential development because of their positive one-year growth rates; however, new housing is also needed to address imbalances in several housing markets. Chaves County badly needs new investment because it has some of the oldest housing stock in the state, Otero and Lincoln counties have high rates of mobile homes, and Ruidoso needs affordable inventory to support its workforce. Townhomes and condos could provide good development alternatives for cities like Roswell, Alamogordo and particularly Ruidoso, which has limited developable land.

**Rental Housing:** All counties in Southeast New Mexico have a deficit of rental apartments and can support new development. The following are considerations related to new apartment development:

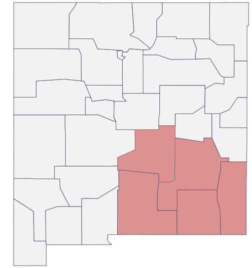
- **Efficiency Apartments.** In all counties, the existing apartment inventory has a relatively even distribution of one, two and three bedroom units, which is appropriate given household sizes that are close to the state average in all counties except Lea. However, given the extremely low number of efficiency units and their low vacancy rates, additional efficiencies appear to be needed.

- **Senior Apartments.** Due to the nature of their economies, most counties in Southeast New Mexico have an average (Otero, Chaves) or below average (Eddy, Lea) percentage of senior households. The exception is Lincoln County, where 43.3% of households are headed by seniors. However, there are very few senior apartments in Otero and Lea counties, and possibly no senior apartments in Lincoln County. New senior apartments are needed, especially in Lincoln, Lea and Otero counties, to support the current senior population.

- **Balance of Affordable and Market Rate Apartments.** Household incomes in Eddy and Lea counties are substantially higher than the state average, with Otero, Chaves and Lincoln counties slightly below. It is important that a balance between market rate and affordable units be maintained, especially in markets where there is upward pressure on rents. This is true in Ruidoso, with its high number of vacation rentals and second homes, and Carlsbad and Hobbs, to ensure that low-income residents have housing options even in boom periods where rental rates skyrocket.

# Rental Demand

## Southeast New Mexico



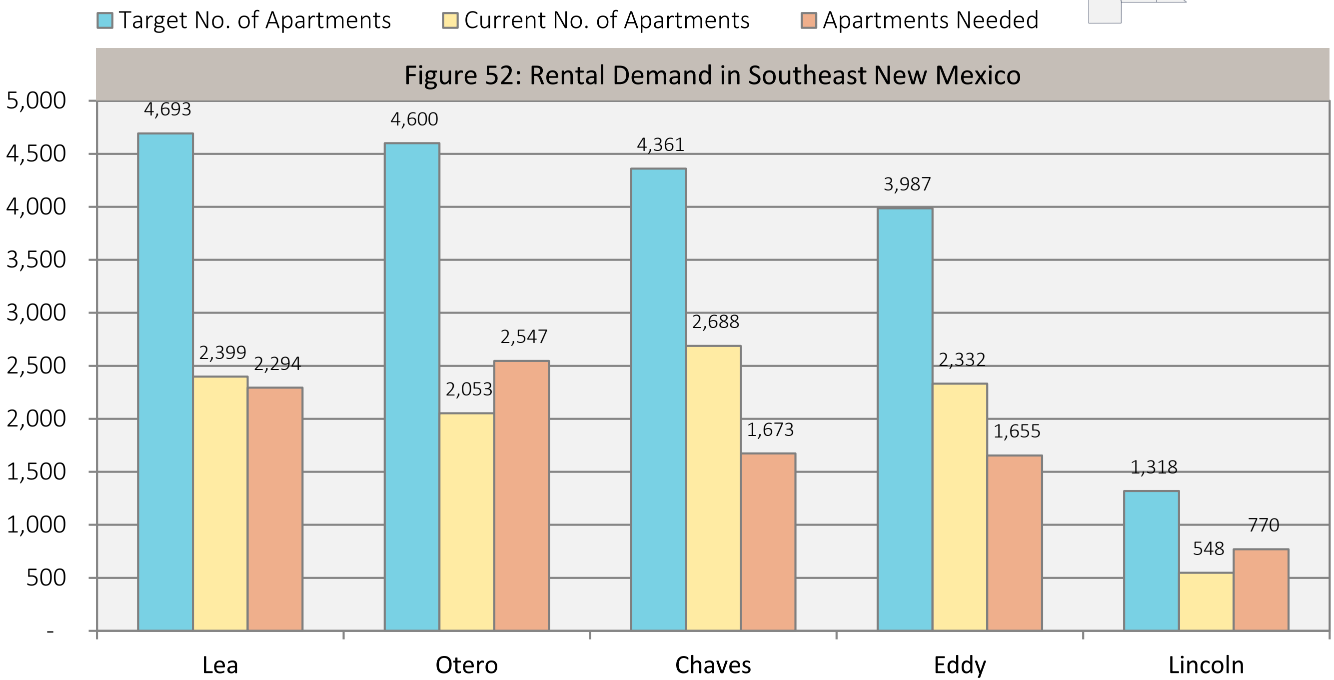



Figure 52: Rental Demand in Southeast New Mexico

| | Lea | Otero | Chaves | Eddy | Lincoln |
|---|---|---|---|---|---|
| **2018 Population** | 69,611 | 66,781 | 64,689 | 57,900 | 19,556 |
| **5-Yr Growth Rate** | -0.85% | 2.17% | -1.81% | 2.13% | -0.25% |
| **Rental Markets** | Hobbs, Lovington | Alamogordo, Tularosa | Roswell | Carlsbad, Artesia | Ruidoso, Ruidoso Downs |

# HOUSING NEEDS

## Southwest New Mexico

Southwest New Mexico is anchored by Dona Ana County and the city of Las Cruces, the state's second largest city and home to New Mexico State University. Las Cruces has historically been a fast-growing city, and Dona Ana County is stands out in the region today for positive growth and a young population. Most of the region has a high rate of agricultural employment including cattle, pecan, chile and wine production, and is engaged in tourism through its national forests and monuments, lakes and historic sites. Grant County is unique as a center of mining activity and Socorro County is home to the state's highly-ranked science and engineering school, New Mexico Tech. Many aspects of the region are influenced by the U.S. Mexico border, including trade zones, industrial park development, federal and agricultural employment, a large Spanish-speaking population and Colonia communities.

**Economic Conditions and Growth:** Adjacent to El Paso, Texas, the Santa Teresa/Sunland Park border area in Dona Ana County stands out in the region for its recent economic growth and development. The area continues to experience high rates of industrial development at the Santa Teresa Port of entry. Every effort is being made to drive economic activity, including housing development, to the New Mexico side of the state line, although much of the demand for services and housing is absorbed by the larger city of El Paso.

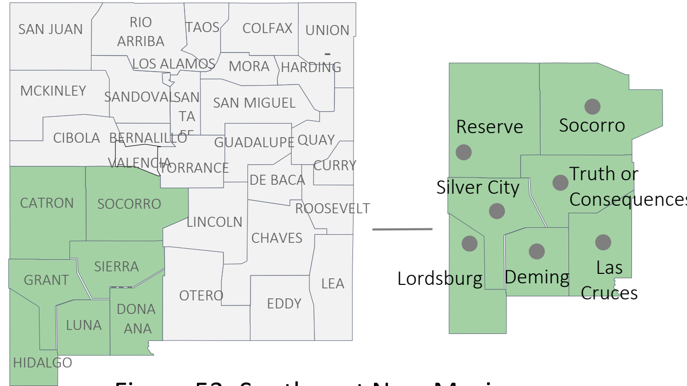



Figure 53: Southwest New Mexico
**Dona Ana, Grant, Luna, Socorro, Sierra, Hidalgo and Catron Counties**

While not growing, other parts of the region have specific workforce needs that impact housing. The seasonal agricultural industry creates pressures and demand for quality housing for farmworkers, especially in Las Cruces, Hatch and Deming. Higher paid workers at Deming's recently built industrial parks and the Lordsburg Station of the U.S. Customs and Border Patrol lack housing options due to stagnant development in these communities. Amenities and housing for students are important in Las Cruces, Silver City and Socorro, each with their own four-year universities.

The entire Southwest region is lower-income. All counties have poverty rates above the state average of 20.6%, with Luna having the highest rate at 31.8%. Median household incomes range from the high $20,000s to the low $40,000s. All counties have high rates of mobile homes, and with the exception of Dona Ana County, have aging populations and old housing stock.

# HOUSING NEEDS

## Southwest New Mexico

**Owner-Occupied Housing:** For the rural counties of the Southwest region, rehabilitation, weatherization and accessibility improvements to improve older housing stock and support the aging population is critical. New single family development can likely be supported in the municipalities of Silver City, Deming, Socorro and Truth or Consequences. These communities have high homeownership rates, aging housing, lack of recent development and high rates of mobile homes. New residential development is more difficult to justify in Lordsburg and Hidalgo County, where there are less than 10 home sales per year and in Catron County, where the population is dispersed among large, private ranches.

Las Cruces and Dona Ana county have strong home sales and new residential development is occurring in the Santa Teresa/Sunland Park area. Both substantial rehabilitation and quality new housing are needed in Dona Ana County's many Colonia communities, some of which support large and growing populations. In some areas, infrastructure investment is needed to support new development.

**Rental Housing in Rural Southwest Counties:** Based on the size of their populations, high rates of mobile homes and both limited and aging apartment stock built largely in the 1970s and 1980s, the primary cities in Grant, Luna, Socorro, Sierra and Hidalgo counties can support new apartment development. Specific recommendations for these counties are provided below.

- **Grant County.** MFA and BBER records indicate 11 apartment communities in Silver City, most of which are affordable. Three properties are public housing and one is senior. The smaller communities of Bayard and Santa Clara also have public housing and each has an additional market-rate property. The inventory is dominated by two bedroom units. Overall, the county has a very low vacancy rate of 2.2%, with low vacancies for one and three bedroom units. New development should include senior housing and smaller units, especially efficiencies, of which there are none currently.

- **Luna County.** In Luna County, there is one affordable property in Columbus and approximately 20 in Deming. Among the Deming properties, most are affordable, including three senior properties. The age profile of these properties is more recent than in other counties, with some properties built in the 1990s and some in the early 2000s. Deming has a good mix of one to three bedroom units, with a few four bedrooms and a handful of efficiencies. The overall vacancy rate of 3.6% is lower than the state average and is relatively consistent across unit size. New development should emphasize senior housing, add some efficiencies to the current stock, and focus on affordable product for the lower-income population and farmworkers.

- **Socorro County.** Socorro County has one affordable property in Magdalena and seven properties in Socorro, all of which were built in the 1970s and 1980s. Two properties are market-rate and the rest are affordable, including two senior properties. One-bedroom units are dominant; there are no efficiencies, very few two bedrooms and a handful of three bedroom units. The overall vacancy rate of 5.4% is slightly higher than the state average and relatively consistent across one and two bedroom units. New apartments should include senior product and add efficiencies and possibly two and three bedroom units to the existing stock, owing in part to a large median household size of 3.53 persons in Socorro County.

- **Sierra County.** Sierra County has eight affordable properties in Truth or Consequences; two are senior properties and two are public housing. All were built in the late 1960s through the late 1980s. Similar to Socorro County, one-bedroom units are dominant; there are no efficiencies, very few two bedrooms and a handful of three bedroom units. The overall vacancy rate is low at 3.8 percent. New apartments should include senior product and add efficiencies. Some two-bedroom units could be considered because there are so few currently. However, the median household size in Sierra County is only 2.04 persons, well below the state average.

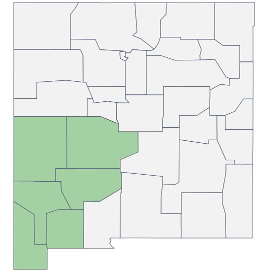
- **Hidalgo County.** Hidalgo County is one of the six counties in New Mexico with a population less than 5,000. There are three apartment communities in Lordsburg totaling 188 units; 100 of these are public housing and all were built in the 1970s. As with smaller counties in Eastern New Mexico, it is recommended that new development attempt to address a variety of needs, including seniors, low-income renters and higher-paid workforce, especially because of demand for rental housing from the U.S. Border Patrol station in Lordsburg.

- **Catron County**. Neither BBER or the U.S. Census identifies any apartments in Catron County, although some single family homes and mobile homes are used as rentals. Because the rate of renters is very low and population is dispersed in Catron County rather than concentrated in one community, rental opportunities are probably best provided through single-family homes as they are currently.

**Rental Housing in Dona Ana County:** Dona Ana County is the only urban county in the Southwest region. Apartment stock is concentrated in Las Cruces, Anthony, Santa Teresa, Sunland Park and Hatch. Priorities for Dona Ana County include new affordable product in and around Las Cruces, where incomes are low, there is strong demand for apartments and a positive growth rate. Additional multifamily development is needed in Santa Teresa/Sunland Park where there is considerable demand due to economic growth. Development in this border area should include some market-rate options, which do not exist in the current inventory. New development throughout the county should add efficiency units, of which there are currently very few.

# Rental Demand

## Southwest New Mexico



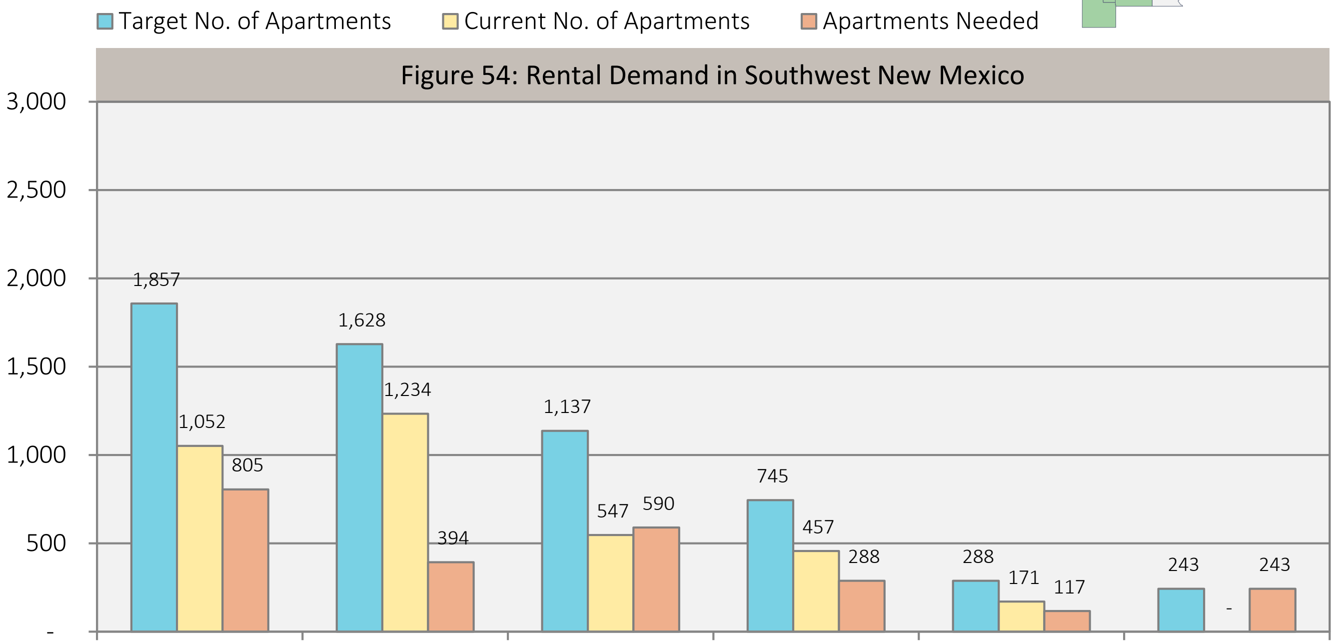



Figure 54: Rental Demand in Southwest New Mexico

| | Grant | Luna | Socorro | Sierra | Hidalgo | Catron |
|---|---|---|---|---|---|---|
| **2018 Population** | 27,346 | 23,936 | 16,735 | 10,968 | 4,240 | 3,578 |
| **5-Yr Growth Rate** | -5.26 | -1.98% | -3.08% | -3.54% | -6.79% | 0.79% |
| **Rental Markets** | Silver City | Deming | Socorro | Truth or Consequences | Lordsburg | Reserve |