LEA COUNTY AFFORDABLE HOUSING PLAN

Developed by
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Lea County Commission

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EXECUTIVE SUMMARY

The purpose of the Lea County Affordable Housing Plan is to assess housing need in Lea County, to determine the feasibility of real estate development, and to provide recommendations for addressing the needs. As approved by the New Mexico Mortgage Finance Authority, this plan is in full compliance with the New Mexico Affordable Housing Act, enabling Lea County to adopt an ordinance that will mobilize public resources to support the provision of affordable housing and related services, new construction and the rehabilitation of existing homes. For purposes of this document, affordable housing is defined as a dwelling unit whose monthly cost does not exceed 30% of a family's gross monthly income. This applies to all households earning up to 120% of the Area Median Income (AMI).

Demographics

Historically, Lea County's population was based in several ranching communities and experienced rapid growth from oil and gas discoveries. Population surges and crashes have occurred over the years, as oil and gas prices rose and fell, leading to fluctuations in migration and population throughout the years. Based on historical figures, the Census routinely projected low and even declining population growth for Lea County. However, 2010 data show that not only has Lea County grown, but its growth has surpassed all previous projections to make it the fourth fastest growing county in New Mexico. Other summary data include:

- Lea County has a younger population than NM and the US.
- Lea County has more family and married households than NM or the US.
- Lea County's Hispanic or Latino population grew by 50% over the last decade.

Economic Profile

Lea County is first and foremost an oil and gas county. This is strongly reflected in the high percentage of workers found in the mining industry, which includes oil and gas extraction. According to the US Census, the agriculture and mining industry sector makes up 19.6% of all jobs in Lea County, compared to 4.1% in New Mexico and 1.8% in the US. Other industries associated with oil and gas, such as Transportation, Wholesale Trade, and Utilities, employ a greater percentage of workers than they do in New Mexico. Construction also employs a higher percentage of workers, likely due new construction projects in Lea County in the last few years. According to the New Mexico Department of Workforce Solutions, Lea County ranked 4th of 36 counties for average weekly wages of $891 in 2009. Other summary data include:

- Lea County has a lower percentage of jobs in professional occupations, government, and low wage sectors.
- Lea County's unemployment rate is typically lower than NM.
- Lea County is part of the "New Energy Corridor" including nuclear, renewable, and clean coal production and technology.
- Lea County has low educational attainment levels, with 28% of adults lacking a high school diploma.
- Hobbs is regional center for retail and services with steady revenue from lodgers' and gross receipts taxes.
- Large employers may be Lea County's greatest assets for future housing development.

Housing Profile

Behind the boom cycle that has characterized the past eight years, Lea County has struggled to house new workers and its own growing population. The County suffers from aging housing stock, some of which has deteriorated during "bust" periods; poorly maintained rental units; an inadequate number affordable homes and rentals; and a stalled housing market in the communities outside of Hobbs that makes new development difficult. Rapidly increasing housing prices in Hobbs also pose a very real danger to low-income residents who will increasingly find themselves priced out of the market. For all of these reasons, Lea County leaders, employers, and citizens point to housing as one of Lea County's greatest problems and as an obstacle to economic development. Other summary data include:

- 70% of Lea County residents are homeowners and 30% rent their homes.
- The majority of Lea County homes were built before 1990, and the rate of new construction is half of NM.
- 100% of building permits issued in Eunice, Jal and Tatum since 2000 are for manufactured homes.
- Vacancy rates have dropped since 2000 from 12.2% to 10.8%.

Housing Inventory

At the present time, Lea County's supply of subsidized and/or affordably priced housing is limited in scope and primarily located in Hobbs and Lovington. Emergency shelter and transitional/supported rental (other than public housing) are found only in Hobbs.

Housing Type	# of beds/units
Emergency Shelter	57
Transitional/Supported Housing	95
Public Housing	70 units/81 vouchers
Income-Restricted Rental (includes senior)	549
Subsidized Homeownership (includes new units, homebuyers trained/created and rehabs)	109

Land Use and Real Estate Development

There is no "one size fits all" development approach for providing affordable housing in Lea County. Rather, as the following analysis and the recommendations in this plan illustrate, real estate development will only happen as part of a "ripple effect" of improving the County's local development capacity, increasing the financial options for people seeking housing, creating a "mortgage ready" pool of potential homebuyers, improving the collaboration and effectiveness of the service delivery network for emergency and supported housing, and rehabilitating older and deteriorating homes. Summary findings include:

- Governmental regulation does not pose a significant constraint to new development.
- The variability of employment erodes the marketability of single family homes.
- Financing constraints are related to both the mortgage capacity of individual buyers and a lack of construction financing.
- Appraised land values are often not high enough to justify construction costs.
- Lack of infrastructure may be more of an obstacle than land availability for housing development.
- Cloudy titles in small communities may pose barrier for redevelopment.
- Lea County's recent economic boom results in a unique rental demand due to the influx of temporary workers in the oil field and construction industries.

Housing Needs Analysis

There are several factors affecting affordability in any given housing market. This plan looks at income/poverty; cost and rent burden; and distribution of incomes to determine the *capacity* of Lea County residents to afford housing. A review of rental rates and availability and sales values indicates the depth of the *supply* of housing and projecting current and future needs for affordably priced housing establishes the overall *demand* for housing. Summary findings include:

- Income and poverty rates are similar to the rest of NM with variations across the county.
- Fewer Lea County households are cost and rent burdened than NM and US.
- The area median income (AMI) in Lea County for a family of four is $47,100 and 63% of Lea County residents are classified as low- or moderate-income.
- The actual demand for homeownership is believed to be much lower than the number of households who can actually afford a home based on income data.
- On the basis of price alone, homeownership opportunities do exist in the marketplace for low and moderate-income Lea County households.

- Lea County's private rental market, as represented by multi-family complexes is generally unaffordable to residents with low incomes.
- Lea County lacks an adequate supply of subsidized, supported housing for people with very low incomes.

Projected Housing Needs

Lea County is a place where low costs of living and changing employment conditions both enable and force people to relocate. Because temporary construction and fluctuating oil field employment are part of the fabric of the community, housing must be flexible enough to meet changing needs. For this reason, this and other planning documents have recommended that new housing construction focus on multi-family rental housing, as this housing type can be adapted to meet the community's changing needs, including those of the workforce, low income residents, seniors and special needs populations.

In order to identify projected housing needs, several supply/demand factors are taken into consideration. This plan identifies two types of need: "Catch Up" which considers the current unmet needs and supply deficiencies in the community; and "Keep Up" need which considers job/population growth and projects future demand. This plan projects housing needs as a five-year goal for each of the small municipalities in Lea County. Specific development recommendations and the factors used to estimate need are discussed in detail in Section VI: Individual Community Plans.

The box at right shows the number of estimated units projected as housing need for the next five years. All but five units to be constructed by the Tatum Municipal Schools trades program are rental units. In Lovington, Eunice and Jal, we also recommend that ten to 12 single-family units be added to the housing inventory, either through infill or partnerships with developers.

Figure 15: Five-Year Housing Goal

Lovington	170 units
Eunice	69 units
Jal	63 units
Tatum	53 units
Lea County	**355 units**

Rehabilitation of homes is projected at 17 units in Lovington, six units in Eunice, four units in Jal, and seven units in Tatum, based on the proportional number of housing units in each community. A countywide five-year rehabilitation target of 100 homes including Hobbs is established in Section IV, based on the capacity of LCHI's HOME-funded owner-occupied rehab program, MFA's Energy$mart program, and recommended programs for acquisition/rehabilitation and low-cost weatherization. Each of these rehabilitation initiatives is discussed in detail in Section V, pages 93-96.

Implementation Plan

The Implementation Plan summarizes the recommendations, roles of partner agencies and potential funding sources to support the activities proposed in this plan. A summary of the recommendations follows.

Funding. These recommendations focus on creating an affordable housing trust fund to provide land and infrastructure, administrative funding for housing services and to provide gap financing to support affordable housing provision. Other objectives are to increase the amount of third party funding leveraged into the community, particularly through engaging local lenders, funders and service providers.

Capacity Building. Capacity for providing housing services and developing affordable housing is currently very limited. This section focuses on creating a central housing entity to administer funding and coordinate housing activities on a countywide basis. Another objective is to build partnerships among the public, nonprofit and private sectors to maximize resources, economies of scale and to jump-start Lea County's housing production.

Program Development. This section addresses several conditions unique to Lea County that pose challenges for providing affordable housing. For instance, the County's "boom and bust" economy has effectively stifled the demand for homeownership housing while driving up rental rates. One of the objectives is to expand current homebuyer counseling services to ensure a "mortgage-ready" pool of buyers and tying this effort to the creation of an Employer Assisted Housing Program to take advantage of the presence of several, big employers in Lea County. Another is to address gaps in current programming - namely the provision of emergency and supported rental services on a countywide basis.

Real Estate Development. This section addresses the challenges of new construction and/or rehabilitation of existing housing in Lea County. It provides recommendations for ensuring that prioritized development projects meet the housing needs identified in this plan. It also outlines a detailed set of implementation steps for expanding rehabilitation efforts in Lea County, namely expanding current programs to include acquisition/rehabilitation and "low cost" weatherization.

Regulatory Environment. This section recommends developing regulatory structures for Lea County's future affordable housing ordinances and its affordable housing trust fund. A complete outline of the components for the County's future ordinance including a definition of eligible income tiers, target rents, home prices and other regulatory issues is detailed in Appendix D: Ordinance Recommendations.

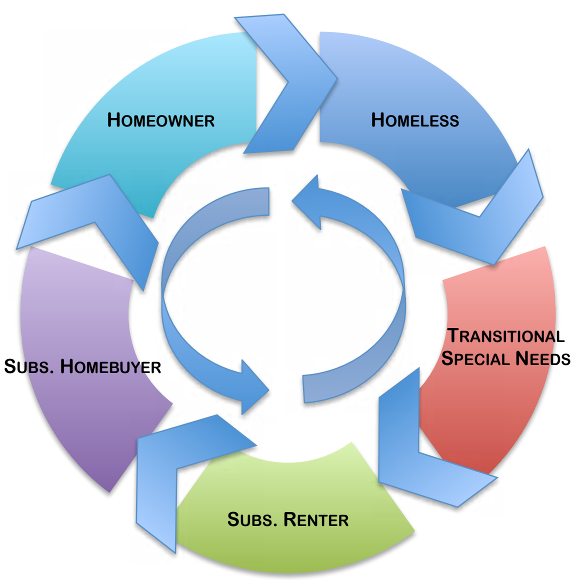
INTRODUCTION

Having a roof over one's head is one of our essential needs as human beings, as important as eating, sleeping, and receiving medical care. Yet, too often, the poor, the disabled, the elderly and even many in the workforce are not able to afford a house that meets their needs. A lack of high quality housing directly affects one's ability to build wealth, participate in civic activities, enjoy leisure time, and most of all, to have a decent and safe place to live. The overall health and vitality of a community suffers directly when its residents aren't housed adequately.

In Lea County and all communities, choices become most limited when the housing market does not offer a full spectrum of housing choices, from emergency shelter to rental to homeownership, as illustrated below.

If options are limited in any of the categories of housing, then some residents may get "stuck" and are unable to move into a different housing situation as their needs or financial resources change. In turn, once they are unable to move, the next person needing the type of housing currently occupied is not able to move.

Figure 1: Spectrum of Housing Need



It is important to note that not only are opportunities for moving up the spectrum important, but that some people, such as seniors or people with special needs, will choose to move "down" into smaller homes or rental homes with associated amenities. Other residents will lose their current housing, particularly if they don't have necessary support services, which is another indication that the spectrum is not solely "one-way."

Definition of Affordable Housing

For purposes of this document, affordable housing is defined as a dwelling unit whose monthly cost does not exceed 30% of a family's gross monthly income. This applies to all households earning up to 120% of the Area Median Income (AMI).

Purpose of Plan

The purpose of the Lea County Affordable Housing Plan is to assess housing need in Lea County, to determine the feasibility of real estate development, and to provide recommendations for addressing the needs. As approved by the New Mexico Mortgage Finance Authority, this plan is in full compliance with the New Mexico Affordable Housing Act, enabling Lea County to adopt an ordinance that will mobilize public resources to support the provision of affordable housing and related services, new construction and the rehabilitation of existing homes.

As required by the New Mexico Affordable Housing Act, Lea County Housing, Inc. commissioned this Plan to enable the donation of land or other items of value by the County, the municipalities of Lovington, Eunice, Jal and Tatum, and the Tatum Public School District for affordable housing purposes. This plan is organized to identify needs based on the housing spectrum for all of Lea County, as well as for each community in the county. The Plan evaluates existing housing gaps for the current population and projects needs for the future. Most importantly, it proposes strategies and recommendations for meeting housing needs and identifies opportunities for increasing and improving the County's housing stock to serve a variety of housing situations.

The information in this plan will help Lea County to:

- Establish baseline information for current and future housing needs and evaluate progress in meeting goals.

- Develop and implement strategies to ensure that Lea County offers its residents a full range of housing choices and opportunities.

- Implement specific affordable housing projects and obtain financing from federal, state, and private lending institutions.

- Recommend roles and responsibilities for implementation of the various projects described in this Plan, particularly as they pertain to Lea County Housing, Inc. and its role in county housing.

Methodology

Housing Strategy Partners employed the most US Census data available for this plan. As of the date of this writing, 2010 US Census data was released at the county and place levels for demographic data and some housing characteristics. All other census data contained in this report is from the 2005-2009 American Community Survey Five-Year estimates. Because of the important role it plays in this plan, income data, which forms the basis of affordability assumptions, should be updated when released.

Job growth is a major component of housing demand in Lea County. The housing projections for communities outside of Hobbs are purposely conservative, as the growing workforce has demonstrated a preference for living in Hobbs, likely due to amenities and greater housing choice. As a result, it is expected that new economic development outside Hobbs will result in new housing demand in Hobbs, as well as in other sizable and proximate communities in Texas. For the municipalities outside of Hobbs, the following assumptions are used to project the number of new housing units needed as a result of job growth in the next five years.

- New employer locating in close proximity to a community: 5-10% of employees will locate in the community, depending on proximity

- Existing employer expanding in close proximity to a community: Increase in employees locating in the community is equivalent to existing percentage of employees living in the community

- Employer located within a community: 25% of employees will locate in the community

- Employer located within a community and involved in employer-assisted housing efforts: Varies, up to 60% of employees will locate in the community

Several housing studies have been performed for Lea County and its various communities between 2005-2007. Housing Strategy Partners drew upon and updated the data and conclusions in these studies, based on Lea County's substantial population growth now acknowledged by the 2010 US Census.

An Assessment of Lea County Housing Needs, Gruen Gruen + Associates, 2005.

This 2005 study began to address new economic conditions then unfolding, its conclusions were largely based on population projections that did not account for the significant increases in population and economic and market activity that have become more clear subsequent years.

***The Economy and Demographics of Lea County and the Larger Region,* University of New Mexico Bureau of Business and Economic Research, 2007.**
In 2007, the Lea County Community Improvement Corporation commissioned the University of New Mexico Bureau of Business & Economic Research (BBER) to conduct research and analysis on the recent economic developments and revise population projections accordingly. BBER's study, entitled *The Economy and Demographics of Lea County and the Larger Region*, significantly revised previous population projections for the County and its constituent communities based on increased economic activity in existing and new industries. The report is broken into three major sections: "Population, Housing, and Education in Lea County"; "The Economy of Lea County and the Larger Region"; and "Survey of Lea County Employers."

***Affordable Rental Apartments Market Analysis for Jal, NM* (2010) and *Affordable Rental Apartments Market Analysis for Tatum, NM* (2008), Russ Doss, Lea County Housing, Inc.**
Analyses of local demographics, economic and housing activity, and land-use conditions in this plan were shaped by two detailed market studies for Lea County communities of Tatum and Jal by Russell Doss, Executive Director of Lea County Housing, Inc. Jal's study includes a market analysis for affordable rental apartments, commissioned by the Eastern Regional Housing Authority and the City of Jal.

Public Participation

Stakeholder Interviews

Stakeholder interviews were conducted with several groups including: the staff of Lea County, Lea County Housing, Inc., the municipal governments of Jal, Eunice, Hobbs, Lovington, and Tatum; providers of affordable housing services (ERHA, Eunice Housing Authority, Lovington Housing Authority, Options, Inc., Opportunity House, the Ministerial Alliance, Heart's Desire); property managers of private apartment complexes; realtors; builders; lenders and title companies; architectural design professionals; and modular building specialists.

Public Outreach

Focus Groups. Several focus group meetings were held with the individual communities involved in this plan. The first set of meetings was held in January 2011 and included community groups in Jal, Eunice, Lovington, Hobbs and Tatum. After a presentation on the initial findings from the Community Profile, the group discussed provided feedback on the initial constraints and opportunities analysis. Section V: Implementation Plan of this document reflects the input from the participants.

In March 2011, another set of meetings was held with focus groups representing the five communities in Lea County. Participants provided feedback on draft recommendations and discussed implementation strategies.

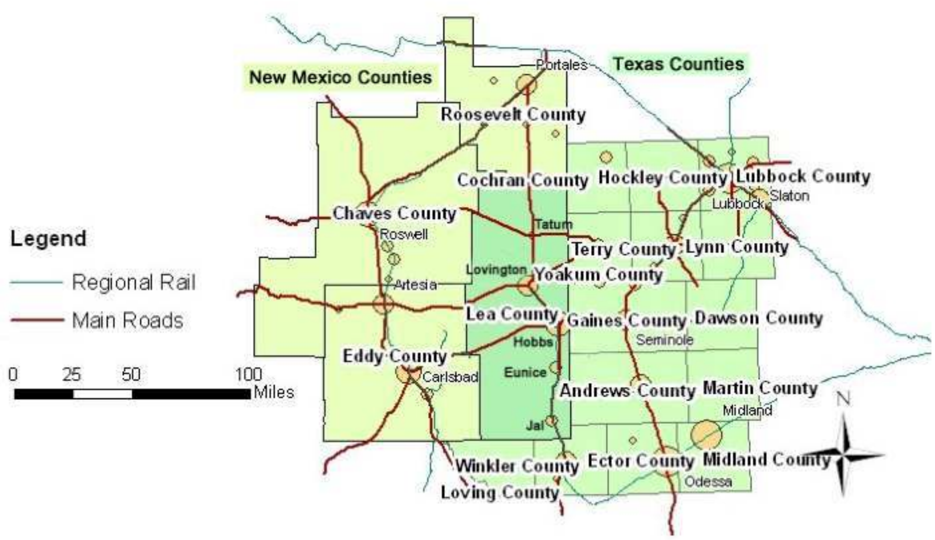
County Commission Presentation. On August 23, 2011, a presentation was made to the Board of County Commissioners outlining preliminary findings and recommendations presented in this plan. Commission members were particularly interested in the recommendation to engage Lea County's employers in a countywide employer housing assistance program. Expanding rehabilitation efforts and addressing the number of vacant homes and abandoned properties was another topic of discussion.

Section I: COMMUNITY PROFILE

Overview

Lea County is located in the southeast corner of New Mexico, bordered by Texas on the east and south, Eddy County to the southwest, and Chaves County to the northwest. For decades, it has been the largest oil and gas producing county in New Mexico. The oil and gas industry has traditionally been the largest employment sector in the County, providing lucrative jobs that require little education or training.

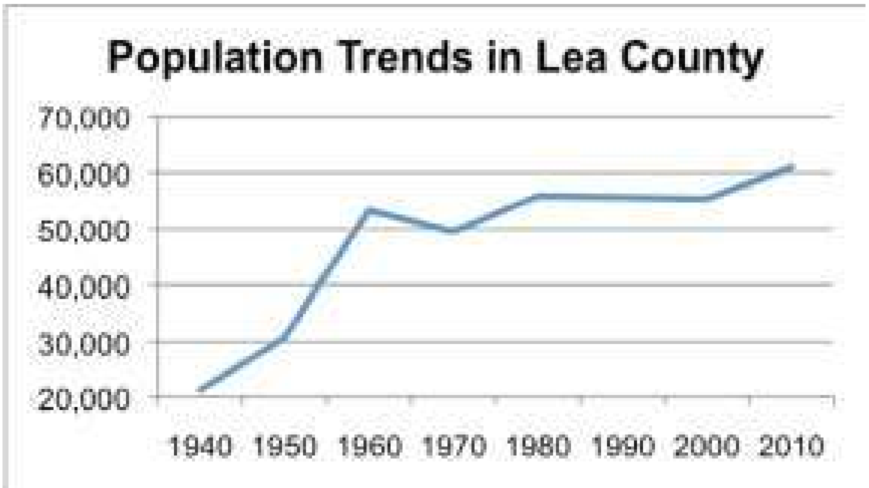
Figure 2: Southeastern NM and Southwestern TX Regional Map



Source: BBER, *The Economy of Lea County and the Larger Region*, p. 1, Figure 1" from *The Economy and Demographics of Lea County and the Larger Region*, 2007.

Due to the cyclical "boom and bust" nature of oil and gas, Lea County has experienced fluctuations in migration and population throughout the years. Downturns in the price of oil in the 1980s and mid-1990s led to population declines in those decades. Lea County's economic picture brightened in 2003, with the construction of URENCO, a uranium processing plant, in Eunice. Increasingly, Lea County has cultivated a new energy sector that includes nuclear, wind, and solar, as well as other economic development opportunities. In 2008, the price of oil increased significantly, and jobs in that industry became plentiful once again.

Figure 3: Lea County Population Trends



Source: US Census

Behind the boom cycle that has characterized the past eight years, Lea County has struggled to house new workers and its own growing population. The County suffers from aging housing stock, some of which has deteriorated during "bust" periods; poorly maintained rental units; an inadequate number affordable homes and rentals; and a stalled housing market in the communities outside of Hobbs that makes new development difficult. Rapidly increasing housing prices in Hobbs also pose a very real danger to low-income residents who will increasingly find themselves priced out of the market. For all of these reasons, Lea County leaders, employers, and citizens point to housing as one of Lea County's greatest problems and as an obstacle to economic development.

At the same time, many opportunities lie before Lea County and its communities. The demographics of Lea County are changing with a growing Hispanic population and new young families migrating to the area for economic opportunity. New energy and other economic development projects have the potential to bring more stability to the area, as well as higher paying jobs requiring greater education and skill. An upswing in development activity in Hobbs has brought home sales and rental prices into the modern era, making residential development possible and even profitable. And plans for innovative housing solutions in Lea County's smaller communities should provide customized, right-sized solutions that address local needs. In all of these efforts, Lea County can employ its legacy of self-reliance and self-determination to realize the potential that these opportunities hold.

Demographics

Population

Lea County has a population of nearly 65,000 residents, spread out over 4,394 square miles, with a population density of 14.7 people per square mile. Historically, the County's ranching communities grew as a result of oil and gas discoveries. Population surges and crashes have occurred over the years, as oil prices rose and fell.

Table 1: Population Change, 2000-2010

Community	2000	2010	Change (No.)	Change (%)	BBER 2010
Hobbs Area	36,631	43,305	6,674	18.22%	
Lovington Area	9,890	11,470	1,580	15.98%	10,779
Eunice Area	2,896	3,220	324	11.19%	3,114
Jal Area	2,118	2,175	57	2.69%	2,303
Tatum Area	3,976	4,557	581	14.61%	4,350
Lea County	**55,511**	**64,727**	**9,216**	**16.60%**	**60,896**

Source: 2000 and 2010 US Census

In mid-2003, Lea County began to see steady growth in economic activity and population as oil prices began to rebound and as construction began at the URENCO facility in Eunice. Yet while the County was experiencing growing pains and a strain on existing housing stock, the US Census continued to project population declines for Lea County based on historical figures. As a result, Lea County commissioned several studies to accurately estimate and project its population, beginning with *An Assessment of Lea County's Housing Needs* by Gruen Gruen and Associates in 2005. In 2007, under the auspices of a report entitled *The Economy and Demographics of Lea County and the Larger Region*, the University of New Mexico Bureau of Business and Economic Research (BBER) conducted an employer survey and updated its population projections for Lea County. The BBER study was intended to analyze both population and the broader economy in light of increased economic activity in new energy projects and a rebound of oil prices. BBER revised its projections upward to show population growth between 2000 to 2035 in Lea County and its respective communities.

Recent population figures released through the 2010 Census now accurately reflect Lea County's growth. The 2010 population for the County and its communities outpaces the population estimates made by BBER, in some case substantially. In fact, of all counties in New Mexico, Lea County grew the fourth fastest at 16.6%, behind Sandoval, Dona Ana and Bernalillo. Lea County's ten-year growth rate is higher than that for the state as a whole (16.6% to 13.3%).

Table 2: Demographics	United States	New Mexico	Lea County	City of Hobbs	City of Lovington	City of Eunice	City of Jal	Town of Tatum
Age								
Under 5 years	6.5%	7.0%	9.1%	9.6%	9.9%	9.0%	6.9%	8.4%
5 to 9 years	6.6%	7.0%	8.2%	8.4%	8.9%	7.9%	7.5%	9.5%
10 to 14 years	6.7%	6.9%	7.5%	7.4%	7.9%	6.9%	7.5%	6.0%
15 to 19 years	7.1%	7.3%	7.6%	7.3%	8.2%	7.2%	7.6%	7.8%
20 to 24 years	7.0%	6.9%	7.1%	7.7%	6.7%	6.7%	5.8%	4.4%
25 to 34 years	13.3%	13.0%	14.6%	15.7%	15.8%	14.5%	10.8%	11.4%
35 to 44 years	13.3%	12.1%	12.1%	12.0%	12.3%	10.8%	11.7%	12.0%
45 to 54 years	14.6%	14.1%	13.0%	12.6%	10.7%	15.2%	13.2%	15.5%
55 to 59 years	6.4%	6.6%	5.6%	5.2%	4.8%	6.8%	6.6%	5.4%
60 to 64 years	5.4%	5.8%	4.3%	3.9%	4.1%	4.2%	5.5%	4.6%
65 to 74 years	7.0%	7.5%	5.9%	5.3%	5.6%	5.9%	9.1%	9.2%
75 to 84 years	4.3%	4.2%	3.7%	3.6%	3.8%	4.1%	6.1%	4.9%
85 years and over	1.8%	1.6%	1.2%	1.2%	1.4%	0.7%	1.7%	0.9%
Median age	37.2	36.7	31.9	30.8	29.9	33.6	38.2	37.1
Households								
Family Households	66.4%	65.5%	73.1%	70.9%	76.1%	71.7%	74.5%	68.9%
With children under 18	29.8%	29.1%	36.1%	36.9%	40.3%	33.8%	29.1%	29.2%
Husband-wife family	48.4%	45.3%	52.8%	48.2%	54.6%	53.9%	56.5%	50.0%
With children under 18	20.2%	17.9%	23.8%	22.9%	27.5%	23.8%	18.8%	16.3%
Female householder, no husband	13.1%	14.0%	13.4%	15.5%	14.5%	10.1%	11.4%	13.5%
With children under 18	7.2%	7.8%	8.3%	9.9%	9.0%	5.7%	6.5%	9.3%
Non-Family Households	33.6%	34.5%	26.9%	29.1%	23.9%	28.3%	25.5%	31.1%
Householder living alone	26.7%	28.0%	22.6%	24.1%	21.3%	23.9%	23.2%	27.2%
Householder 65 years +	9.4%	9.2%	5.9%	6.3%	7.0%	5.9%	6.3%	4.8%
Average household size	2.58	2.55	2.82	2.81	2.99	2.72	2.60	2.56
Average family size	3.14	3.13	3.30	3.33	3.46	3.25	3.04	3.10
Race, Ethnicity and Language								
Hispanic or Latino	16.3%	46.3%	51.1%	53.7%	64.3%	47.5%	48.1%	44.2%
White alone	63.7%	40.5%	43.0%	38.3%	31.7%	50.1%	49.9%	52.3%
Black or African American alone	12.2%	1.7%	3.7%	5.6%	2.0%	0.9%	0.6%	1.1%
Native American alone	0.7%	8.5%	0.7%	0.8%	0.8%	0.4%	0.5%	0.9%
Speaks Spanish at Home*	12.1%	28.3%	32.9%	32.9%	47.7%	34.9%	28.2%	39.2%
Foreign Born*	12.4%	9.7%	12.2%	10.0%	19.7%	21.9%	14.7%	19.2%
Disabled**								
5-20 years	8.1%	8.1%	7.8%	8.7%	6.4%	10.1%	5.3%	7.0%
21-64 years	19.2%	21.0%	22.9%	24.9%	21.9%	22.3%	19.7%	20.2%
65 years and older	41.9%	44.8%	47.2%	49.5%	50.7%	47.2%	43.9%	47.1%

Source: 2010 US Census, unless otherwise indicated
**US Census 2005-2009 American Community Survey 5-Year Estimates*
***2000 US Census*

Age

The median age of residents in Lea County is 31.9 years, younger than the median age in both New Mexico and the US. For all five-year age cohorts under age 35, there are a higher percentage of children and young people in Lea County than in New Mexico and the US. Between ages 35-85, the trend reverses itself, showing a lower percentage in all age cohorts for Lea County than for New Mexico and the US.

This young population represents a weighted average among communities, where some variation does exist. Hobbs and Lovington, with the highest populations, are the youngest, with a median age of 30-31 years. They are very similar in age structure, although Hobbs has a higher percentage of residents aged 45-54 years. Eunice also has a relatively young median age of 34, with a higher concentration of residents age 45 to 59.

Lea County's oldest communities are similar to or slightly older than New Mexico and the US. Tatum has a median age of 37 years, with fewer children and young people and higher concentrations of residents in the 45-54 and 65-74 age groups. At 38 years, Jal's median age exceeds state and national averages slightly. Jal has a low percentage of residents age 20-44, with a high concentration of seniors age 65-84.

Household Characteristics

Lea County and its individual communities have a strong preference for family households with children. Seventy-three percent of all Lea County households are family households, and 36% have children under 18. This is in comparison to 66% family households in New Mexico and the US, with 29% having children under 18. The percentage of husband-wife families with and without children in Lea County is also higher than in New Mexico and the US.

The reverse is true for non-family households and persons living alone. Thirty-four percent of households in New Mexico and the US are non-family households, and 27-28% represent individuals living alone. Lea County reports only 27% non-family households with 23% living alone. Consistent with younger ages, only 6% of these single person households are made up of seniors, as compared to 9% in New Mexico and the US.

At 13% and 8% respectively, the rate of female-headed households and female-headed households in Lea County is consistent with the New Mexico and the US. However, this statistic varies among the individual communities. Eunice (10%) and Jal (11%) have the lowest rates of female-headed households, with Lovington (15%) and Hobbs (16%) having the highest rates.

While average household size has decreased over the past decade in the US and New Mexico, it has steadily increased in Lea County and its communities. This trend can be attributed to the increase in the Hispanic population, which tends to have larger families. In addition, the lack of new housing development throughout the County may contribute to extended families living together or to young adults staying at home longer. In any case, larger household size has implications for overcrowding rates, as discussed in the Housing Profile.

The US Census has not updated disability rates since the 2000 Census; therefore, this data is quite outdated. Disability rates vary throughout the County, with Jal having lower rates for all age groups, Eunice having an unusually high rate for children age five to 20, and all communities except Jal having high rates for seniors that exceed state and national averages.

Race and Ethnicity

Lea County's Hispanic or Latino population grew by 50% in the last decade, or at an average rate of 5% each year. The numerical increase in the Hispanic population countywide (10,962) is actually greater than the numerical increase in the total population (9,216), reflecting the fact that the White, non-Hispanic population is declining.

Table 3: Hispanic or Latino Population Change, 2000-2010

Community	2000	2010	Percent Change	Percent of Total Pop.
City of Hobbs	12,088	18,317	51.5%	53.7%
City of Lovington	4,936	7,076	43.4%	64.3%
City of Eunice	1,015	1,388	36.7%	47.5%
City of Jal	839	985	17.4%	48.1%
Town of Tatum	255	353	38.4%	44.2%
Lea County	22,11	33,063	50.2%	51.1%

Source: 2000 and 2010 US Census

BBER recognized this trend in its 2007 study, where it attributes a substantial portion of Lea County's population growth to natural increase in its minority population, the majority of which is Hispanic or Latino. According to BBER, deaths have outnumbered births in the Anglo population since 1995, while births have outnumbered deaths in the younger minority population by a large margin. "The disparities in fertility and mortality rates between Anglos and Minorities, the strong presence of Minorities, primarily Hispanics, among recent migrants, and the aging of the baby boom generation, which in this case is predominantly Anglo, will accelerate the racial changeover in Lea County, from an Anglo to a Minority majority population."[1]

Hispanics have increased their share of the population in all Lea County communities, and have become a majority in Hobbs and Lovington. According to the 2005-2009 American Community Survey, most Hispanic residents identify themselves as Mexicans, 33% of residents speak Spanish at home, and 12% are foreign-born and mostly undocumented.

[1] BBER, *Population, Housing and Education in Lea County*, p. 29, In *The Economy and Demographics of Lea County and the Larger Region*, 2007.

Economic Profile

Employment

Lea County is first and foremost an oil and gas county. This is strongly reflected in the high percentage of workers found in the mining industry, which includes oil and gas extraction. According to the US Census, the agriculture and mining industry sector makes up 19.6% of all jobs in Lea County, compared to 4.1% in New Mexico and 1.8% in the US. Other industries associated with oil and gas, such as Transportation, Wholesale Trade, and Utilities, employ a greater percentage of workers than they do in New Mexico. Construction also employs a higher percentage of workers, likely due new construction projects in Lea County in the last few years.

Employment in oil and gas and associated industries is blue-collar work, and does not require advanced education. As a result, Lea County has relatively low levels of educational attainment that are discussed later in this chapter. Furthermore, jobs in the oil fields and associated industries are relatively high paying, in part due to overtime pay. According to the New Mexico Department of Workforce Solutions, Lea County ranked 4th of 36 counties for average weekly wages of $891 in 2009.

Industry Sectors. Lea County has a much lower percentage of jobs in professional occupations, particularly in the sectors of Professional and Technical Services and Health Care and Social Assistance. Lea County is also less dependent on government jobs. Eighty-seven percent of workers are employed in the private sector and 13% employed by government, compared to 76% private and 24% government employment in New Mexico.

According to the US Census, all communities in Lea County expect Tatum also have high percentages of private sector employment. The Town of Tatum has 40% of its residents employed in the private sector and 36% in government, with 23% self-employed. A slightly higher percentage (40%) of people in Lea County are not part of the workforce than in New Mexico (37.5%).

Employment in the low wage sectors of Accommodation and Food Services and Retail Trade is lower in Lea County than in New Mexico, likely due to local labor shortages. BBER's *Survey of Lea County Employers* (2007) concludes that the oil and gas industry wages drive up wages in all sectors, as employers try to compete for a small pool of workers. Retail and service establishments have an especially hard time finding workers when oil prices are high and oil field work is abundant. *Survey of Lea County Employers* reported 445 to 2,200 vacant positions throughout Lea County in 2007.[2]

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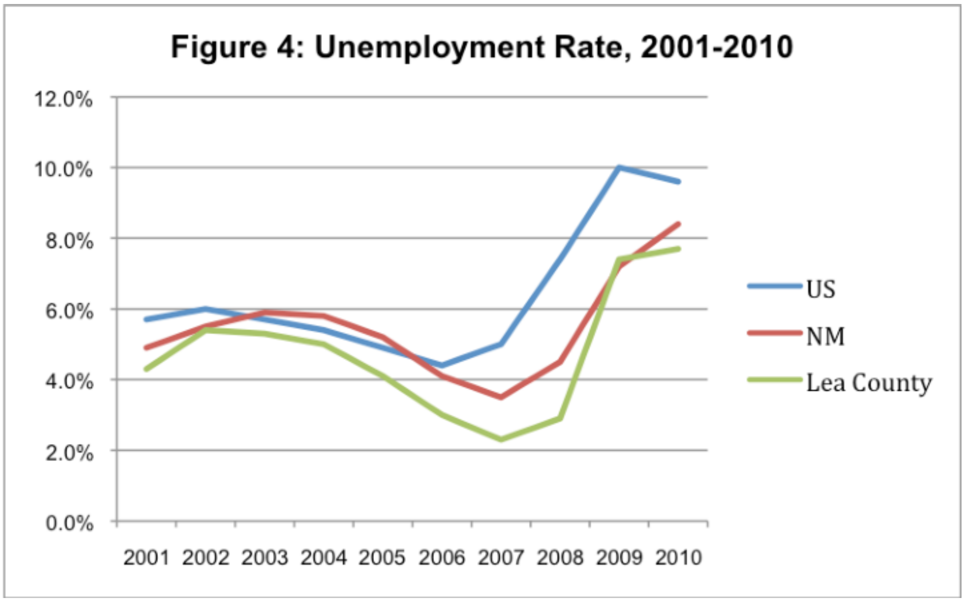
[2] BBER, *The Economy and Demographics of Lea County and the Larger Region*, Executive Summary, p. 2, 2007.

According to the Quarterly Census of Employment and Wages, 3,580 new jobs have been created over the past ten years in Lea County. The majority of these jobs (29%) are in the oil industry, with 14% growth in both Manufacturing and Accommodations and Food Services, and 12% growth in both Construction and Administration and Waste Services. There has also been substantial growth in the skilled area of Technical and Professional Services, where 274 jobs were added.

Table 4: Workers by Industry	Lea County %. Workers, 2010	NM % Workers, 2010	Lea County No. Workers 2001	Lea County No. Workers 2010	Lea County Job Growth, 2001-2010
Agriculture, Forestry, Fishing & Hunting	1.23%	1.36%	385	327	-58
Mining	21.98%	2.35%	4,802	5,857	1,055
Utilities	1.19%	0.56%	246	318	72
Construction	7.84%	5.60%	1,672	2,088	416
Manufacturing	3.31%	3.72%	369	881	512
Wholesale Trade	3.45%	2.80%	1070	919	-151
Retail Trade	10.11%	11.51%	2,731	2,694	-37
Transportation and Warehousing	3.78%	2.02%	811	1,008	197
Information	1.13%	1.83%	227	302	75
Finance and Insurance	2.53%	2.74%	540	674	134
Real Estate and Rental and Leasing	1.32%	1.25%	286	351	65
Professional and Technical Services	2.06%	6.90%	276	550	274
Management of Companies and Enterprises	0.46%	0.63%	103	122	19
Administrative and Waste Services	5.66%	5.26%	1,072	1,509	437
Education Services	0.43%	0.99%		114	114
Health Care and Social Assistance	9.08%	12.93%	2,501	2,418	-83
Arts, Entertainment, and Recreation	1.34%	1.08%	97	356	259
Accommodation and Food Services	7.39%	9.62%	1,477	1,968	491
Other Services (except Public Admin.)	2.25%	2.67%	677	600	-77
Unclassified Establishments	-	-	3	-	-
Total Private	86.54%	75.83%	19,555	23,057	3,502
Total Government	13.46%	24.17%	3,507	3,585	78
Total Workers	**100.00%**	**100.00%**	**23,062**	**26,642**	**3,580**

Source: Quarterly Census of Employment and Wages, 2001 and 2010, New Mexico Department of Workforce Solutions. Annual Average Employment used in this table.

Unemployment. The annual unemployment rate in Lea County is typically one to two percentage points lower than in New Mexico. Between 2000 and 2004, unemployment in Lea County ranged between 4.3% and 5.4%, with rates in New Mexico mirroring those of the US at 4.9 to 5.8 percent. Between 2005 and 2007, unemployment fell below 5% nationally, and New Mexico followed this downward trend. In 2007, unemployment fell as low as 3.5% in New Mexico and 2.3% in Lea County. Rates began to climb in 2008 in response to the economic downturn. New Mexico and its counties have lagged behind national trends and have only felt the full effect of the economic crisis in the past year, when unemployment reached 8% in New Mexico and Lea County.



Source: US Bureau of Labor Statistics

Major Employers. With some still in their infancy, new economic development projects in Lea County have the potential to stabilize and grow the County's population base, and alter the demographics, education levels, and workforce of the region. Most new and proposed projects will require higher levels of education than are currently demanded by oil and gas and related industries. While the local community colleges are rising to the challenge by offering customized workforce training programs, new employers will likely be compelled to recruit workforce from outside the community due to local labor shortages. If, as projected, the price of oil and gas projected stabilizes at just under $70 per barrel after 2011,[3] new employers will remain in competition with the oil and gas industry to recruit local labor. URENCO officials note that some employees have left stable employment with their company to return to the oil fields, both because of high overtime pay and a cultural predilection for such work.[4]

Most of the new economic activity in Lea County falls within the purview of "The New Energy Corridor" which includes nuclear, renewable, and clean coal production and technology. Geographically, the corridor spans from Midland-Odessa on the east, through Andrews and Gaines counties in Texas, to Portales on the north, and to Lea and Eddy counties to the south and west. Economic development projects and large employers contributing to growth and housing demand in Lea County are listed in Appendix A: Lea County Major Employers. It should be noted that many other energy-

[3] BBER, *The Economy of Lea County and the Larger Region*, p. 31 in *The Economy of Lea County and the Larger Region,* 2007.

[4] Personal Interview with Ruth Giron, Human Resources Director of URENCO, January 2011.

related projects in the pipeline in west Texas and Eddy County will further increase economic activity, as well as the demand for scarce labor and housing on the regional level.

Sources of Income

The percentage of Lea County households receiving supplemental security income and public cash assistance are consistent with those in New Mexico, with a slightly higher percentage receiving food stamps in the last 12 months. The individual communities vary in terms of their reliance on these funding sources, with high use of supplemental security income in Lovington and Jal, high use of food stamps in Lovington, and very few households depending on public cash assistance or food stamps in Eunice, Jal or Tatum. In the County, Hobbs and Eunice, a lower percentage of people receive social security and retirement income than in New Mexico due to younger populations, while a much higher percentage receive income from these sources in the older communities of Jal and Tatum.

Table 5: Sources of Household Income	United States	New Mexico	Lea County	City of Hobbs	City of Lovington	City of Eunice	City of Jal	City of Tatum
Households Receiving:								
Social security income	27.1%	27.9%	27.7%	26.2%	30.3%	19.4%	41.3%	57.9%
Supplemental security income	3.8%	4.3%	4.2%	4.7%	6.3%	1.9%	6.2%	2.1%
Cash Public Assistance	2.4%	2.5%	2.4%	3.0%	3.4%	0.0%	1.5%	0.0%
Food stamp benefits in the last 12 mo.	8.5%	9.4%	10.8%	12.6%	14.7%	6.8%	6.3%	7.9%
Retirement income	17.4%	18.8%	14.3%	13.0%	18.3%	13.3%	20.3%	23.3%

Source: US Census Bureau, 2005-2009 American Community Survey 5-Year Estimates.

Education

In terms of education, adult residents of Lea County have much lower educational attainment levels than adults in New Mexico and the US. Countywide, 28% of adults do not have a high school education as compared to 18% in New Mexico and 16% in the US. Only 12% have a bachelor's degree or higher, as compared to 25% in New Mexico and 28% in the US. Educational levels tend to be higher in Hobbs and lower in the smaller cities. More than 30% of adults in Lovington, Eunice and Jal have not completed high school, and less than 10% of adults in Lovington and Jal have a college degree. Tatum has the highest level of adults with college degrees, at 16.5%, which may reflect high quality schools in that community.

Table 6: Educational Attainment	Did not complete High School	Bachelors degree or higher
United States	15.6%	27.5%
New Mexico	17.9%	25.1%
City of Hobbs	26.5%	12.9%
City of Lovington	40.2%	9.9%
City of Eunice	33.0%	12.3%
City of Jal	36.8%	8.0%
City of Tatum	29.5%	16.5%
Lea County	28.1%	12.4%

Source: US Census Bureau, 2005-2009 American Community Survey 5-Year Estimates.

BBER notes that oil field jobs provide little incentive for young men to obtain an education. Oil field and related transportation work requiring a commercial drivers license pays $20 per hour plus overtime with minimal skills, education or experience. Accordingly, college enrollment in Lea County is decreasing, while enrollment in workforce training courses has increased exponentially.[5]

Regional Economic Activity

Within Lea County and the region, including the west Texas counties of Andrews, Gaines, Winkler, Yoakum, and Cochran, Hobbs is a regional center for retail and services. While Lovington is home to many small, local businesses and some franchise eateries, all of the large national big box retailers and large stores are located in Hobbs.

In its 2007 study, BBER calculated "pull factors" for Lea County and the larger surrounding region in 2006, including major industries present in the larger municipalities. A pull factor greater than one suggests that the community is pulling in sales from outside the community. BBER calculates a pull factor for each industry in a community based on the community's taxable gross receipts for that industry per dollar of estimated income compared to the state's taxable gross receipts for the same industry per dollar of New Mexico's estimated income.

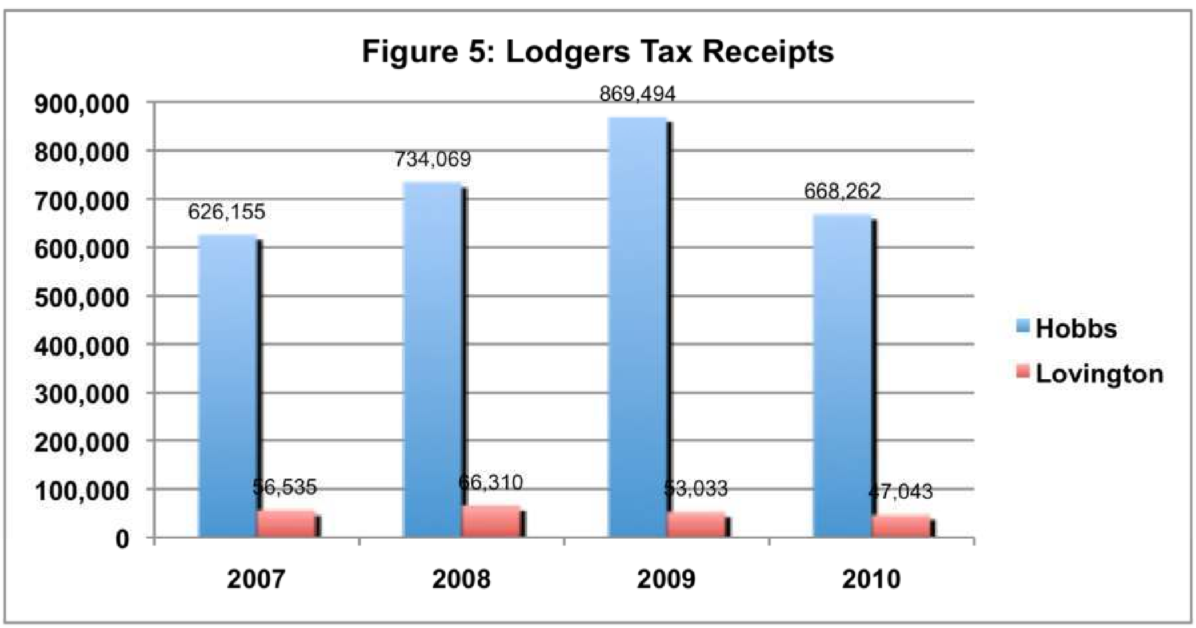
Table 7: Pull Factors from Major Cities in SE New Mexico, 2006	**Hobbs**	**Artesia**	**Carlsbad**	**Clovis**	**Portales**	**Roswell**
Mining	8.31	2.99	0.83			0.52
Manufacturing	3.11	1.34	0.92	0.17	0.23	0.52
Other Services *(Except Public Admin)*	3.04	1.46	1.09	0.73	0.54	1.37
Health Care and Social Assistance	2.52	0.38	1.70	1.41	0.34	1.58
Wholesale Trade	2.21	4.69	0.71	1.04	0.18	0.39
Transportation and Warehousing	2.08	2.52	2.95	0.56	0.72	0.49
Retail Trade	2.00	1.64	1.14	1.29	1.44	1.25
Real Estate and Rental and Leasing	1.91	0.59	0.45	0.56	0.32	0.53
Utilities	1.54	2.26	0.81	1.17	1.47	0.94
Accommodation and Food Services	1.43	1.21		1.41	1.12	1.00
Information and Cultural Industries	1.17	1.82	0.83	1.47	0.97	0.99
Construction	1.12	1.82	0.41	0.80	0.64	0.70
Finance and Insurance	0.96	1.66	0.99	0.71	1.23	1.74
Admin & Support, Waste Mgt & Remed	0.85	0.73	0.25	0.27	0.12	0.29
Agric, Forestry, Fishing, & Hunting	0.75	6.15	0.25	1.14	2.05	0.74
Prof, Scientific, & Technical Services	0.32	1.38	0.58	0.51	0.36	0.59
Arts, Entertainment and Recreation	0.32	0.09	0.10	0.28	0.08	0.87
Educational Services	0.19	0.06	0.02	0.18		0.13
Mgt of Companies & Enterprises	0.04			1.91		
Total	**2.00**	**0.91**	**0.91**	**0.95**	**0.83**	**0.97**

Source: Table reproduced from BBER, *The Economy of Lea County and the Larger Region*, p. 21, Table 1.9 in *The Economy and Demographics of Lea County and the Larger Region*, 2007.

[5] BBER, Employer Survey, p. 6, in *The Economy and Demographics of Lea County and the Larger Region*, 2007.

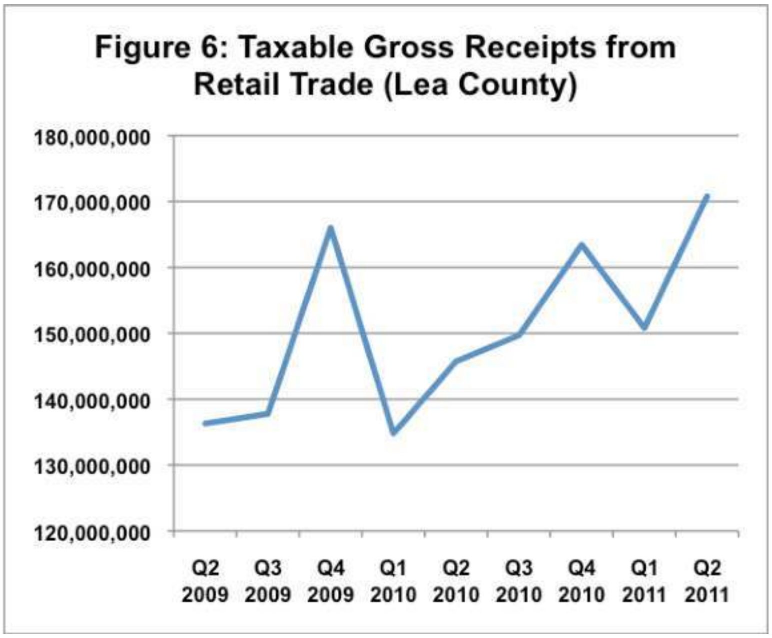
As shown in Table 7, Hobbs has the greatest pull factor in many industries. In addition to being a retail center for the region, including rural counties in west Texas, Hobbs has comparative advantage in mining, manufacturing, real estate, rental and leasing, healthcare and social assistance, accommodation and food service, and education services.

Hobbs' dominance as a regional center is also substantiated by lodgers tax receipts, which increased by at least $100,000 each year between 2007 and 2009. The popularity of weeknight stays indicates that much of this activity is business-related, with many oil field and new energy workers overnighting at hotels. Zia Park Racetrack and Casino also helps keep these hotels busy on weekends. Six new national chain hotels have been constructed in Hobbs in the past few years. Both the new hotels rooms and the 6,000-seat Lea County Event Center have made Hobbs a popular destination for statewide conferences. Lodgers tax receipts fell in both Hobbs and Lovington in 2010, and appear to be stabilizing based on 2011 data reported to date.



Source: BBER, New Mexico Lodgers Tax Receipts, 2007-2010. One year represents the two last quarters of the preceding year and the first two quarters of the actual year.

Lea County's gross receipts were affected by the economic downturn, falling steeply in early 2009 and 2010. Since then, however, gross receipts have undergone a substantial recovery to $170,769,985 in the second quarter of 2010.



Source: BBER, Taxable Gross Receipts from Retail Trade

Housing Profile

Housing Tenure and Type

The rates of homeowners and renters in Lea County are consistent with those in New Mexico, with 69% of households owning their homes and 31% renting. Homeownership rates are lower in Hobbs (63%), but higher than 70% in Lovington, Tatum, Eunice and Jal, with Eunice and Jal having homeownership rates approaching 80%. In Jal and Tatum, the household size for renter-occupied units is larger than for owner-occupied units, perhaps reflecting overcrowding due to lack of available rentals in that community.

Although the percentage of homeowners and renters in Lea County is consistent with those percentages in New Mexico, Lea County has a much higher percentage of single-family homes than New Mexico and the US, and lower percentages of multi-unit dwellings. Only Hobbs offers a variety of housing with two or more units (17%).

Consistent with the state average, 17% or 4,029 of Lea County's housing units are mobile homes. Lovington and Eunice have even higher percentages of mobile homes, with Jal and Tatum having below 10%.

Housing Age and Condition

Lea County had a very small population base before 1940, and as a result, very few homes (3%) were built before 1939, as compared to 6% in New Mexico and 14% in the US. The vast majority (80%) of housing in Lea County was built between 1950 and 1990, with most homes built in the 1950s. According to the US Census, housing production after 1989 has occurred at a rate of 4.3%, less than half the rate of housing production in New Mexico (12%) and the US (11%) for this same period. Significantly, all housing units built after 2000 are located in Hobbs and Lovington. The US Census does not report any new construction since 2000 in Eunice, Jal or Tatum.

As a whole, Lea County has very low rates of homes lacking complete kitchen facilities (0.5%) or complete plumbing facilities (0.6%), yet these low rates add to an estimated 237 substandard units. Furthermore, there a much higher percentage of substandard homes in Eunice and Jal.

Five percent of homes in Lea County are overcrowded, much higher than 3% in New Mexico. The highest rates of overcrowding occur in Tatum (7%), Lovington and Hobbs (6%), with rates around 3% in Jal and Eunice. In Lea County and its communities, median household sizes reported in 2010 have increased from those reported in the 2005-2009 American Community Survey. Therefore, the overcrowding rate is expected to rise when overcrowding data is released for the 2010 Census. Any housing need estimates addressing overcrowding are therefore conservative.

Table 8: Housing Characteristics	US	NM	Lea County	City of Hobbs	City of Lovington	City of Eunice	City of Jal	City of Tatum
Housing Units*	131,704,730	901,338	24,919	12,900	3,956	1,264	1,009	360
Occupied housing units	88.6%	87.8%	89.2%	90.1%	90.3%	84.9%	78.1%	86.7%
Owner-occupied	65.1%	68.5%	69.4%	62.8%	71.1%	77.8%	79.1%	74.0%
Renter-occupied	34.9%	31.5%	30.6%	37.2%	28.9%	22.2%	20.9%	26.0%
Average HH size for owner-occ.	2.65	2.60	2.85	2.89	3.02	2.74	2.59	2.52
Average HH size for renter occ.	2.44	2.43	2.74	2.67	2.92	2.67	2.62	2.65
Vacant housing units	11.4%	12.2%	10.8%	9.9%	9.7%	15.1%	21.9%	13.3%
Homeowner vacancy rate	2.4%	2.0%	1.2%	1.1%	1.2%	1.3%	1.7%	2.5%
Rental vacancy rate	9.2%	8.1%	11.2%	12.2%	7.8%	16.9%	14.5%	8.0%
Type and size of unit								
1, detached	61.6%	63.8%	70.7%	68.7%	73.9%	73.9%	90.4%	88.8%
1, attached	5.7%	3.9%	1.6%	2.1%	1.1%	2.3%	1.5%	0.0%
2	3.9%	1.9%	2.5%	3.1%	4.6%	3.3%	0.0%	0.0%
3-4	4.5%	3.8%	2.6%	5.0%	0.7%	0.0%	0.0%	0.0%
5-19	9.4%	5.5%	2.7%	4.6%	0.5%	4.2%	0.0%	1.4%
20 or more	8.1%	4.1%	2.8%	5.2%	0.8%	0.0%	0.0%	0.0%
Mobile home	6.8%	16.8%	16.6%	10.7%	18.5%	16.4%	8.1%	9.8%
Year Structure Built								
2005 or later	2.9%	3.1%	1.2%	1.2%	0.7%	0.0%	0.0%	0.0%
2000 to 2004	8.4%	8.9%	3.1%	2.7%	3.6%	0.0%	0.0%	0.0%
1990 to 1999	14.2%	18.4%	6.2%	6.2%	4.1%	6.8%	1.4%	2.4%
1980 to 1989	14.4%	18.4%	17.8%	17.9%	9.3%	15.5%	7.6%	6.0%
1970 to 1979	16.7%	19.3%	18.9%	18.7%	22.5%	8.5%	15.4%	19.5%
1960 to 1969	11.6%	10.9%	20.3%	20.6%	24.8%	28.3%	24.4%	21.0%
1950 to 1959	11.5%	10.7%	22.6%	22.4%	26.1%	35.1%	38.8%	44.3%
1940 to 1949	6.0%	4.7%	6.9%	7.6%	7.2%	2.9%	9.7%	4.5%
1939 or earlier	14.4%	5.7%	3.0%	2.7%	1.9%	3.0%	2.7%	2.4%
Housing Condition								
Lacking kitchen facilities	0.5%	1.1%	0.5%	0.4%	0.3%	0.0%	1.3%	NA
Lacking plumbing facilities	0.7%	1.1%	0.6%	0.4%	0.0%	1.4%	1.7%	NA
Home Heating Fuel								
Utility gas	50.1%	67.4%	58.4%	61.4%	74.3%	58.6%	51.7%	64.2%
Bottled, tank, LP gas	5.6%	11.0%	6.3%	2.2%	0.7%	0.9%	3.1%	6.3%
Electricity	33.6%	14.4%	33.5%	35.5%	21.6%	40.5%	42.9%	27.9%
Other (fuel oil, coal, wood, solar)	9.8%	7.3%	1.7%	0.6%	3.1%	NA	2.4%	1.7%
Wood	1.9%	6.1%	1.0%	0.6%	2.1%	NA	2.1%	0.0%
Overcrowded	3.0%	3.1%	5.2%	6.1%	5.6%	3.4%	2.9%	6.7%

Source: US Census Bureau, 2005-2009 American Community Survey 5-Year Estimates unless otherwise noted.
**2010 US Census*

Home Heating Fuel

In Lea County, standard natural gas and electric heating is prevalent, as the vast majority of the population lives in urban areas. Only 6% of households rely on higher-cost propane gas and 1% on wood heating, as opposed to 11% and 6%, respectively, in New Mexico.

Number of Housing Units

US Census data from 2010 shows that the total number of housing units in Lea County has increased by over 1,500 or 6.5% since 2000. The greatest number of new units is located in the City of Hobbs and its unincorporated areas (1,159), although Eunice has the largest percentage increase (12.1%).

Table 9: Housing Unit Increase, 2000-2010

Community	2000	2010	Change	% Change
Hobbs Area	15,235	16,394	1,159	7.61%
Lovington Area	4,023	4,143	120	2.98%
Eunice Area	1,251	1,402	151	12.07%
Jal Area	1,043	1,090	47	4.51%
Tatum Area	1,853	1,890	37	2.00%
Lea County	**23,405**	**24,919**	**1,514**	**6.47%**

Source: 2000 and 2010 US Census

Building permit data for the county and its smaller municipalities was difficult to obtain, since all jurisdictions rely on the New Mexico Construction Industries Division (CID) for permitting and inspection. Housing Strategy Partners conducted a records search through the CID online permitting system, Kiva. Building permit data in this system goes back to 2004. Hobbs single-family and multi-family building permit data was taken from *The City of Hobbs Housing Plan* for the same years, while numbers of Hobbs manufactured home installation permits were obtained through CID.

Mobile homes in Lea County

What is most striking about the building permit data is that 100% of all new homes in Eunice, Jal and Tatum are manufactured homes. The situation is similar in Lovington, with 160 manufactured homes compared to only six single-family homes. Hobbs shows a more equitable balance between single-family and modular homes, multi-family units and manufactured homes. Clearly, the dearth of private sector development activity outside of Hobbs that has made manufactured homes the only viable housing option in Lea County.

Table 10: Building and Installation Permits, 2000-2010

Community	2004	2005	2006	2007	2008	2009	2010	2011 YTD	Totals
Hobbs (City & ETZ)									
Single Family/Modular	47	41	50	113	92	17	4	NA	364
Multi Family Units	0	60	0	12	212	0	0	NA	284
Manufactured	34	68	159	51	35	53	53	NA	453
Total Hobbs	81	169	209	176	339	70	57		1,101
Lovington									
Single Family	0	0	1	1	2	1	1	0	6
Manufactured	9	8	26	16	33	20	33	15	160
Total Lovington	9	8	27	17	35	21	34	15	166
Eunice Manufactured	4	0	1	5	9	19	9	2	49
Jal Manufactured	0	1	1	2	0	0	0	1	5
Tatum Manufactured	1	6	1	4	4	1	2	2	21
Lea County	**95**	**184**	**239**	**204**	**387**	**111**	**102**	**20**	**1,342**

Sources: New Mexico Construction Industries Division online Kiva search and City of Hobbs Housing Plan

Table 11: Vacant Housing Units, 2000-2010

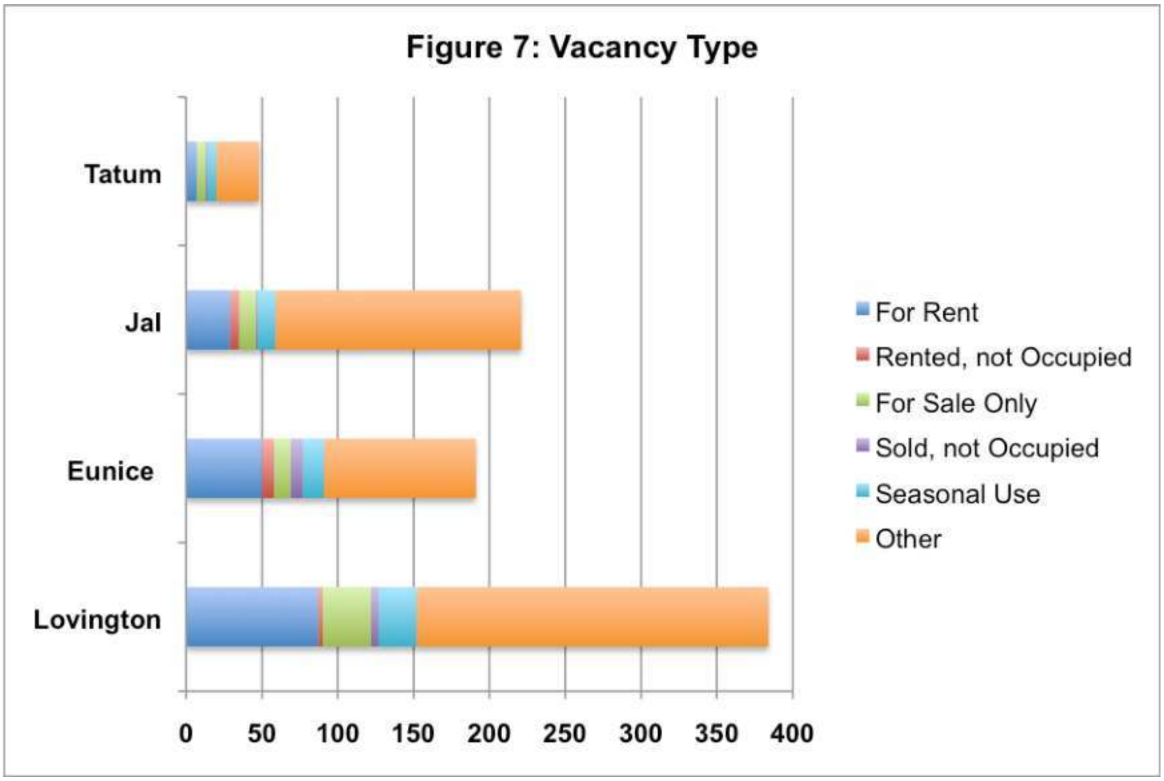
Community	2000	2010	Change	% Change	2010 Vac. Rate
Hobbs Area	2,307	1,599	-708	-30.69%	9.75%
Lovington Area	563	405	-158	-28.06%	9.78%
Eunice Area	188	208	20	10.64%	14.84%
Jal Area	247	242	-5	-2.02%	22.20%
Tatum Area	401	229	-172	-42.89%	12.12%
Lea County	**3,706**	**2,683**	**-1,023**	**-27.60%**	10.77%

Source: 2000 and 2010 Census

Vacant Homes

Due to the great demand for additional housing, Lea County's vacancy rate has dropped from 12.2% in 2000 to 10.8% in 2010. There has been a significant decrease in vacant homes in the cities of Hobbs, Lovington and Tatum, as many units have been rehabilitated or demolished over the past decade. Vacancy rates have fallen below 10% in Hobbs and Lovington, and to 13% in Tatum. Nevertheless, the US Census reports that the actual number and percentage of vacant units has increased slightly in Eunice and has remained relatively flat in Jal. These communities still show vacancy rates of 15% and 22%, respectively.

As shown in Figure 7, the 2010 US Census reports that the majority of vacant units in each community are classified as "Other Vacant." This category includes homes that have fallen into disrepair that can no longer be occupied or require substantial rehabilitation to be occupied. Interviews in all Lea County communities indicate that these substandard units pose a significant challenge for municipal governments, as they become health hazards and eyesores, as well as bring down property and appraisal values in an already depressed real estate market. Addressing these units through rehabilitation or infill redevelopment is a priority for all Lea County communities.



Source: 2010 US Census.

Section II: HOUSING INVENTORY

Shelter/Special Needs

It is difficult to determine the need for supportive housing and transitional and emergency shelter. Transient populations, such as the homeless, move from place to place, and victims of domestic violence and individuals with mental health issues may or may not seek supportive services or assistance with housing. Therefore, to identify the services being offered as well as unmet need for such services, we interviewed service providers working with homeless and transitional populations. For the most part, these organizations are faith-based and funded largely through the United Way.

As shown in Table 12, almost all emergency housing and transitional/supportive housing services are located in Hobbs, where population density and demand for services is greatest. Providers in Hobbs indicate that once their clients are ready to leave their facilities, it often difficult to place them in affordably priced rental housing. Many of them can't afford even the restricted rents at subsidized complexes in Hobbs and for those who can, the waiting lists are often too long. For those with Section 8 vouchers, few landlords accept them (with the exception of Casa Hermosa). The only public housing authority units are located in Lovington and Eunice and both usually have waiting lists. No emergency shelter or supportive housing services are provided in the small municipalities of Eunice, Jal and Tatum.

One of the Heart's Desire Thrift Stores

Limited services are provided in Lovington through Heart's Desire, a recovery program for women and children. According to the director, a hacienda-style Recovery Center/Transitional Housing facility is in the planning stages. Phase 1 will provide five units to meet current demand. Funding is not secured to begin actual predevelopment work, but the organization is in the process of purchasing a piece of property. Funding for Heart's Desire comes from two thrift stores, from which women participating in the Heart's Desire program are also provided clothing and household items.

Emergency Shelter

In Hobbs, the Guidance Center, an outpatient counseling center for the addicted and mentally ill, provides comprehensive case management for homeless, including assistance finding housing. Often this entails providing a ten-day voucher for a stay at a motel, at which time homeless benefits kick in. Manna Outreach provides emergency 35 shelter beds to men, women, and children and also runs a food basket program. Residents are allowed to stay for one week without getting a job. Otherwise, they are required by the shelter to look for work. Once employed, they can stay as long as it takes to have a savings account of at least two paychecks. In Lovington, the Ministerial Alliance provides a motel voucher for a one to two nights stay at a motel for people in crisis, but funding for this program is extremely limited.

Table 12: Inventory of Emergency Shelter/Transitional Beds

	# of beds/units	Population Served	Location
Emergency Shelter			
Guidance Center	0 (voucher for motel stay until benefits kick in)	Comprehensive case management for homeless with mental health issues	Hobbs
Manna Outreach	35	Homeless job seekers	Hobbs
Ministerial Alliance	0	Provides motel voucher for 1-2 nights	Lovington
Recovery House (HL Johnson Comm Center)	22 beds (4 reserved for trans., 2 for women)	Homeless with addiction problems; looking to expand to serve domestic violence victims; youth; prioritizes veterans	Hobbs
Total Shelter Beds	**57**		

Transitional/Supported			
Humphrey House	32	Group home for youth; offers emergency, short term, long term shelter; counseling, treatment	Hobbs
Opportunity House	43	Group home for men in recovery	Hobbs
Options, Inc	20	Domestic violence shelter	Hobbs
Heart's Desire	0	Provide services for women in recovery; (counseling, help with benefits, food, clothing); 10-bed facility in planning stages	Lovington
Salvation Army Aux Committee	0	Provides assistance with utility bills ($8 – 10K/year)	Lovington
Total Transitional Beds	**95**		

A newly established shelter, the Hobbs Recovery House, part of the H.L. Johnson Community Center, offers 22 beds to those in recovery or those needing emergency shelter. The new facility includes a short stay shelter with four beds reserved for longer duration transitional housing, up to 18 months. Two rooms are reserved for women and the shelter's founder has aspirations to serve domestic violence victims as well as youth when additional facilities are set up. The shelter gives priority to veterans.

Transitional/Supported Housing

A subsidiary of the Guidance Center is the Humphrey House, a 32-bed shelter for youth experiencing homeless. The shelter is presently full and the average stay is about one year, although some residents have stayed up to five years.

The Opportunity House is a group home for men in recovery. There are 43 beds and as of April 2011, 16 people on the waiting list. The shelter provides a fundamental piece of the 18-month program and the average stay is 90 days. Once graduates leave the group home, they are often hard-pressed to find affordably priced rental housing. According to staff at the shelter, unstable housing has the potential to jeopardize the recovery process.

Another shelter in Hobbs, Options, Inc. offers 20 beds to women and children fleeing domestic violence. The shelter provides support services, counseling, life and social skill development, crisis intervention and safe house interviewing. Funding comes from the City of Hobbs, Lea County, State of NM Children Youth and Families Department and United Way.

Public Housing

There are two public housing entities serving Lea County – Eastern Regional Housing Authority (EHRA) and the Lovington Housing Authority. ERHA administers vouchers and owns the Casa Hermosa apartment complex in Hobbs. The complex is undergoing a transfer in ownership and whether the units remain in the affordable inventory is uncertain. The Lovington Housing Authority manages 50 units in Lovington.

Eastern Regional Housing Authority

The Eastern Regional Housing Authority (formerly Region VI Housing Authority) manages Section 8 vouchers for eastern New Mexico, including Lea County. As of April 2011, they reported administering 81 Section 8 vouchers in Lea County with a majority used in Hobbs, a few in Lovington and one in Jal. Seven families are currently enrolled in the Family Self Sufficiency (FSS) program. The wait list for a voucher is 18 months and 69 families are currently on the list. The staff person interviewed for this plan didn't know of apartment complexes other than Casa Hermosa that accepted vouchers. With Casa Hermosa likely to cease operations as a publicly operated housing facility, it is likely that Lea County's voucher holders and other low income renters will be increasingly challenged to find affordable rental housing.

Lovington Housing Authority

The Lovington Housing Authority owns and manages 50 scattered site single-family homes. Of these, 36 are 2-bedroom and 14 are 3-bedroom. All of the homes were built 50 to 60 years ago and are in need of updating and repairs. None of the units is compliant with ADA regulations regarding accessibility. The housing authority reports a waiting list of approximately 20 people and no vacancy. Turnover of tenants is typically pretty low with some three-bedroom units being occupied by the same tenant for up to ten years. Recently, two units were retrofitted with accessibility features. Seven units are planned for major remodeling. The housing authority has also initiated a visioning process to build a 50-unit multi-family project that will offer mostly one-bedroom units and a few four-bedroom units, a need the current inventory does not meet.

Eunice Housing Authority

The Eunice Housing Authority owns and operates 20 public housing units, of which 14 are 1-bedroom, 2 are 2-bedroom and 4 are 3-bedroom. Built in 1968, the units have been renovated and one is ADA-compliant. There is usually a waiting list, especially for the larger sized family units, as the 1-bedrooms are designated for the elderly or those with disabilities.

Table 13: Inventory of Income-Restricted Rental Properties

Income Restricted Rental Properties	# of units	Year Built	Vacancy	Population Served/Subsidy
Hobbs				
Avalon Cove/Broadway	78	1996	0%	50 – 60% AMI; 3-6 mo waiting list
Casa Hermosa	88	1980s	20%+	Section 8; currently in receivership
Good Samaritan (The Cedars)	63	30 yrs+		Section 8; independent senior
La Pradera	60	2011	?	LIHTC; 50 – 60% AMI
Washington Place	76	1980s	0%	Sect 8; 18 mo waiting list
Willow Bend Villas	60	2005	0%	50 – 60% AMI
Total Units in Hobbs	**425**			
Lovington				
Good Samaritan (Buena Vista)	24	30 yrs+		Independent senior
Polk Avenue Apt	52	30 yrs+	0%	Elderly; (all 1 BR); 20 names
Southview Place (Ave R)	48	30 yrs+	0%	USDA; Below 60% AMI; (all 2 BR)
Total Units in Lovington	**124**			

Subsidized Rental

There are several subsidized housing complexes in Lea County. Most are subsidized through Low Income Housing Tax Credits, USDA rural funding or Section 8. All are located within Hobbs and Lovington, although the smaller communities have some privately-owned, affordably-priced rental properties. There appears to be significant demand for income-restricted properties, as no properties had vacancies and those that maintained waiting lists reported waits up to 18 months. Casa Hermosa, managed by Region VI Housing Authority, is currently in receivership and will be shut down. It is unclear where Casa Hermosa residents will find new housing, given existing waiting lists and the lack of affordable units in Hobbs. One new 60-unit project, La Pradera, is currently under construction and will open its doors in 2011. Aside from La Pradera, Willow Bend Villas is the only income-restricted property that has been built in the last ten years. With 60 units, it has very little turnover and rents primarily to families, single-parent households, and seniors (up to 20% of units).

Subsidized Homeownership

New Construction

Photo courtesy of Hobbs Habitat for Humanity

To date, the Hobbs affiliate of Habitat for Humanity is the only steady producer of subsidized homeownership units in Lea County. The organization works exclusively within the city limits of Hobbs. Since 2000, the organization has built 18 homes (about two per year), with 13 at the Houston/Montgomery site, with one home nearing completion. Twenty-four lots were originally deeded to Habitat at this site, however, neighborhood opposition resulted in the acquisition of 12 additional scattered site lots in return for less density. Under its current agreement with the Maddox Foundation and the City of Hobbs, the City provides the infrastructure and is paid back when the home is built and sold. Habitat works with the local high school construction trades program and has a dedicated roster of volunteers. Local contractors donate materials and labor to support building as well.

Homebuyer Training/Counseling

Lea County Housing Inc. is a qualified 501(c)3 provider of homebuyer training and counseling services. The organization offers classes, one-on-one financial counseling, and foreclosure prevention assistance.

Homeownership Services

Due to a fairly low cost burden in Lea County and a higher rate of homes without mortgages, the needs of lower income homeowners are not obvious. Many homes, especially in parts of Hobbs and some of the smaller communities, are older, and in some cases, substandard. Lea County Housing, Inc. is responding to this need through its home rehabilitation program, funded by HOME funds from the New Mexico Mortgage Finance Authority. To date, the organization has completed three homes and has four to six rehabilitation projects in the pipeline for 2011. The HOME rehab program is an effective tool for not only helping individual homeowners with very low incomes but also creates a clear “ripple” effect of revitalization in the neighborhoods where the homes are located.

Section III: LAND USE AND DEVELOPMENT

This section provides an overview of housing development and rehabilitation and weatherization opportunities in the communities of Lea County; presents a review of current land use policy and proposed revisions; analyzes development constraints and presents a sites inventory for future development. Also included is a feasibility analysis to guide the planning process for affordably priced housing. Recommendations from this section are incorporated into the Implementation Plan portion of this document.

Governmental Constraints

Affordable Housing Policy

Lea County and the communities of Lovington, Jal and Tatum currently do not have adopted affordable housing plans or ordinances. The lack of housing plans and ordinances currently prevents Lea County and its communities from donating land, infrastructure and other resources to identified affordable housing projects, in accordance with the New Mexico Affordable Housing Act.

The only affordable housing ordinance in Lea County was adopted by Eunice. Pursuant to the Affordable Housing Act of 2007, this ordinance outlines a process for determining Qualified Grantees for both individuals, private for profit, and non-profit housing organizations. The ordinance also includes mechanisms for achieving the mandated affordability periods under the act. This document could be used as a template for other municipal ordinances within Lea County.

Upon adoption of this plan, Lea County and its communities will adopt an umbrella affordable housing ordinance to satisfy the requirements of the New Mexico Affordable Housing Act. The ordinance will define the parameters for eligible projects, qualified grantees, and government contributions, as well as create mechanisms for securing additional contributions for affordable housing. The plan and accompanying ordinance will enable the county and municipalities to participate in and contribute to affordable housing. Detailed recommendations for the creation of this ordinance can be found in Appendix D: Ordinance Recommendations.

Land Use Policy

Lea County and its communities do not have particularly complex land use policies. County-level land use is limited to subdivision regulations, and municipal zoning regulations only exist in three of the four communities covered by this plan. By and large there are a minimal amount of zoning categories, but all include sufficient density allowances. As a result, typical land use constraints such as zoning density will have little effect on overall housing affordability, as low land costs preclude housing density as a significant factor in overall affordability.

Lea County Subdivision Regulations. Subdivision regulations are in place for all unincorporated areas of Lea County and were adopted in 1997. The County Planning and Zoning Commission oversees these regulations and co-jurisdiction is in place for development that occurs in the extra-territorial zones within the county. In general, these regulations are flexible as they relate to design standards and density. They identify six subdivision types characterized by overall project size and lot size. Two subdivision categories, Type 3A and Type 5, provide for expedited summary review. Application fees for all submissions total $200.

Table 14: Subdivision Categories in Lea County

Subdivision Type	Number of Lots	Max Lot Size	Review Process
Type 1	500+	<10 Acres	Preliminary and Final Plat
Type 2	25-499	<10 Acres	Preliminary and Final Plat
Type 3A	2-5	<10 Acres	Summary
Type 3B	6-24	<10 Acres	Preliminary and Final Plat
Type 4	25+	>10 Acres	Preliminary and Final Plat
Type 5	2-24	<10 Acres	Summary

Maximum density is limited to one unit per acre lot with an average across a given subdivision of one unit per two acres. Density, in all areas outside of the municipal boundaries is limited by the design constraints of individual wastewater treatment systems. In addition, the regulations provide basic design standards for terrain management, flood planning, minimum road standards, driveways, water supply, water quality and fire protection. Community water systems are required on development of greater than 100 units. The regulations also provide for a “Planned Development Area” variance that presumably could include projects of significantly higher density when coupled with a community wastewater treatment system. Design standards do not include setbacks, density, or height requirements.

City of Jal. The incorporated area of the City of Jal has six zones, five of which allow residential uses. Zone A-Residential provides for adequate single-family densities while the other four residential districts allow for very high-density development for both single family, duplex and multifamily dwellings. There are ample amounts of land dedicated to high-density residential uses within the incorporated area of Jal.

Table 15: Jal Zoning Categories

Zone	Min Lot Size	Setbacks	Height	Use	Max Density
A-Residential	6000 sq. ft.	30 ft. Front 5 ft. Side 40 ft. Rear	35 ft.	SF	7 DU
B-Residential	SF- 6000 sq. ft. Duplex- 3000 sq. ft. MF- 1800 sq. ft.	30 ft. Front 5 ft. Side 30 ft. Rear	Limited by total interior square footage	SF Duplex MF	SF- 7 DU Duplex - 14 DU MF- 24
B1-Residential	Same as B but can have livestock				
C-Commercial	SF- 6000 sq. ft. Duplex- 3000 sq. ft. MF- 1800 sq. ft.	0 ft. Front 5 ft. Side 20 ft. Rear	Limited by total interior square footage	SF Duplex MF	SF- 7 DU Duplex- 14DU MF- 24
D-Business	SF- 6000 sq. ft. Duplex- 3000 sq. ft. MF- 1800 sq. ft.	0 ft. Front 0 ft. Side 15 ft. Rear	Unlimited	SF Duplex MF	
E-Industrial	Non-residential				

City of Eunice. The City of Eunice has detailed zoning regulations that include five distinct residential districts. The various zoning categories range in density from four units per acre in the Rural Residential Zone, to over 20 units per acre in the R-2 zone, which allows for apartments, townhomes and shared lot line units. Even the lowest density category of four units per acre does not pose a significant obstacle to housing development, as the overall limiting factor remains the accepted market price constraints which remain significantly below hard constructions costs even at the highest density of development allowed.

Table 16: City of Eunice Residential Zoning Districts

Zone	Min. Lot Size	Setbacks	Height	Uses	DU
RR Rural Residential	12000 sq ft	20 front 5 side 0 rear	35 ft	SF	4
R-1 Single Family Residential	2500 sq ft	20 front 5 side 10 rear	35 ft	SF	18
R-1A	Same as R-1 but allows mobile homes				
R-2 Multifamily Residential	3500 sq ft SF 1550 sq ft MF	20 front 5 side 10 rear	35 ft	SF, MF	SF- 13 MF- 30
CR Commercial/Residential	Same as R2 but allows for mixed commercial/residential				

City of Lovington. The City of Lovington has a basic zoning ordinance in place with two residential zoning categories, one for residential and one for multifamily as well as specific regulations governing mobile homes and planned unit developments. Both single-family and multi-family districts provide more than adequate density typically needed to achieve housing affordability. In addition, the ability to develop nearly all types of residential housing in the commercial district and the availability of Community Unit Plan, which allows variances for setbacks and open space are adequately flexible.

Table 17: City of Lovington Zoning Districts

District	Density (DU)	Setbacks	Height	Use
A Single Family	6	35 ft front 5-7.5 ft side 30 ft or 25% or depth rear	35 ft	Single family dwelling
B Multi-Family	17	Same as “A”	35 ft	Single family, duplex, multifamily
C Commercial	17	0-35 ft. front 2.5-5 ft side 0-20 ft rear	35 ft	Same as “A” or “B”
Mobile Homes	Same as “A”	Same as “A”	Same as “A”	Conditional Approval
Community Unit Plan	Conforms with underlying zoning	Waived based on plan	Conforms with underlying zoning	Residential

Town of Tatum. The City of Tatum does not have zoning regulations, resulting in no hindrance to development as a function of design standards or density.

Analysis of Lea County Land Use Constraints Regulations

Overall, these regulations are minimal and would not place a significant burden on a developer seeking to build housing. Outside of municipal or extraterritorial boundaries, maximum densities are low; however, the County has approved variances up to one unit per acre, and is considering adopting the State of New Mexico’s minimum lot size of three-quarters of an acre. Likewise, any large-scale development is likely to occur contiguous to existing communities and be subject to municipal zoning either through extraterritorial zoning authority or annexation. This development would then be able to take advantage of municipal infrastructure and higher housing densities.

As indicated in the description of the zoning designations for each of Lea County’s municipalities, allowable densities are adequate to achieve economies of scale and reduce housing costs. Restrictions are flexible regarding design standards and are not likely to pose a constraint on affordability. Please note that specific sites identified for affordable housing development are presented in Section VI: Individual Community Plans. In that section, zoning and development constraints are discussed in more detail for each individual site.

Approval Process

Because no large subdivisions have been approved in recent years, there is no information about the timeliness of review for subdivision application and approval. The 2005 report by Gruen and Gruen Associates indicates that because of the extended period of little or no housing development activities within the county, there is relatively small land use review staff. Combined with limited staff at local utility companies, the time necessary for application could sometimes lengthened, especially if there was moderate to robust development activity. But in the context of relatively low land costs and many large parcels having little to no debt service, the associated holding costs would minimally impact overall affordability.

Development Permitting

Development permitting and inspections in Lea County are conducted by the State of New Mexico Construction Industries Division (CID). Typically 10-12 inspections are needed for any given development project. Generally CID inspectors visit Lea County one to two times a week, although a recent vacancy at CID reportedly lowered the number of times that inspectors were present in the County. Developers indicated that in general, construction costs were 20-25% higher in New Mexico than just across the border in Texas due to New Mexico's more stringent licensing standards for contractors, requiring a different license for each construction specialty (foundation, electrical, plumbing, etc.) In Texas, the general contractor is liable for the majority of the specialties, with the exception of electrical.

Non-Governmental Constraints

Land Availability

In general, land costs in Lea County are very affordable ranging anywhere from $500-$10,000 with the higher costs being found in Eunice and Lovington. There is ample privately owned developable land in Lea County and in the incorporated communities of Lovington, Eunice, Jal and Tatum. The Assessment of Lea County Housing Needs 2005-2020 identified over 500 lots in planned or active subdivisions within the county and a willingness on the part of landowners to make land available for development. The majority of these parcels are located in or around Hobbs. The study identified 130 acres of developable land in the vicinity of Lovington.

Several large employers in Lea County have land and are interested in housing development, particularly Nor Lea Hospital in Lovington, URENCO in Eunice, and the Tatum School District. The ability for these employers to dedicate land at little or no cost for housing development is one of the most feasible private sector development scenarios. A detailed discussion of these opportunities is contained in Appendix C: Employer Assisted Housing.

Potential development sites in Eunice are near one of the city's water tanks

There are also multiple publicly owned sites identified in Lovington, Jal, Tatum and Eunice that are good candidates for housing development. The ability for municipalities to dedicate land for housing development at little or no cost will be an important factor in future housing development if simply as an incentive more than a direct factor on affordability.

Water Availability

A potential development site in Jal

Within unincorporated Lea County, the area around the Hobbs and Lovington are the most likely locations for subdivision development, due to population density in those areas. But these communities as well as the Town of Tatum lie within the Ogallala or High Plains Aquifer, parts of which are designated a Critical Management Area. The State Engineer's Office reported that the critical water areas are generally in the eastern and western part of the county where ground saturation was lower, but in general, water availability was sufficient in the central corridor of the County. As a general rule, the State will approve single wells, but may require larger developments to acquire water rights for their projects. The municipalities within Lea County all have water systems in place.

Groundwater limitations in northern Lea County and the substantial expense of extending infrastructure to unincorporated areas makes it more feasible for new affordable housing development to occur within established communities where infrastructure already exists. All affordable housing sites identified in this plan are located within municipal boundaries and would receive water through existing municipal supplies rather than new water allocations that could be difficult to obtain.

Floodplains

Lea County is generally free of major terrain relief. As a result there are areas in Tatum, Jal, Lovington and Hobbs that lie within the 100-year floodplain according to the Federal Emergency Management Agency (FEMA). For the most part, sites identified for affordable housing in this plan are not located within the floodplain, although some exceptions exist and are discussed in further detail in Section VI: Individual Community Plans. The floodplains on these sites can be mitigated and do not pose a major barrier to development; however, development delays will result while filing and receiving a Letter of Map Revision (LOMR) from FEMA.

Infrastructure

All communities in Lea County have well-developed water and wastewater infrastructure that is capable of supporting new development. Analysis of infrastructure for proposed individual affordable housing sites is included in Section VI: Individual Community Plans. For all sites, water, wastewater, gas and electric lines are located in adjacent streets and alleys, and will need to be extended into the subject property. In some cases, existing water and wastewater lines may need to be upsized to accommodate multi-family development.

Oil line markers in Eunice

One potential development constraint is the presence of buried oil and gas lines that often bisect otherwise developable land in Lea County. Typically, these lines are marked with three-foot high posts that stick out from the ground. The oil and gas companies also participate in the 811 "Call Before You Dig" program. Through this program, a municipality or developer can request that the companies report any lines or easements on a property before grading or excavation begins. Upon physical inspection of the affordable housing sites identified for this report, Housing Strategy Partners noted one site in Eunice with marked oil and gas lines. This site is identified on the Eunice Site Map in Section VI: Individual Community Plans.

Development Capacity

Construction capacity in Lea County, whether in the form of tract builders or subcontractors, is scarce. This is due in part to housing demand drying up during the bust of the 1990s, which left an open door for non-local developers to meet housing needs in Hobbs in recent years. The construction and development community in Lea County has also been siphoned into industrial and commercial work as the economy has grown. Many subcontractors are now employed by URENCO and other employers to build new facilities. These jobs pay more than residential construction work, so there is little incentive for local developers, builders and subcontractors to focus on affordable housing.

The capacity of nonprofit developers in Lea County is extremely limited. Lea County Housing Inc. (LCHI) is the main nonprofit housing provider in Lea County, offering homebuyer training and counseling, foreclosure counseling, housing studies, and general housing information. LCHI undertakes some basic development activities that at this time are limited to owner-occupied home rehabilitation through the Mortgage Finance Authority's HOME funded statewide rehab program. This program is relatively new and increased production from three units last year to five this year, including three units in Hobbs and two in Lovington. Further expansion of this program should be an organizational and municipal priority.

The only nonprofit developer of very affordable homeownership housing in Lea County is the Hobbs affiliate of Habitat for Humanity. As with many Habitat affiliates, their production is limited to 1-2 homes per year, and they do not conduct housing development activities outside of the City of Hobbs.


A Habitat building site in Hobbs

Public housing authorities in Lea County are potential developers, as well. The Eastern Regional Housing Authority has some limited development experience that could supplement LCHI's abilities. However, the organization manages a notably large region, serving the counties of Chaves, De Baca, Eddy, Guadalupe, Harding, Lea, Lincoln, Otero, Quay, Roosevelt, Union and Curry. At this time, the capacity of staff to take on large-scale development activities is understandably limited, although the housing authority has expressed interest in getting involved. Likewise, the Lovington Housing Authority is in the visioning stages of building a new complex that would add 50 to its inventory in Lovington.

Construction Costs

Construction costs in Lea County are higher than in many areas of New Mexico, due to long transport distances, high labor costs, and delays in Construction Industries Division inspections. Nevertheless, basic construction costs are believed to average $110-$125 per square foot for single-family homes, and $80-$95 per square foot for manufactured homes, which is not unreasonable given Lea County's remote location and labor costs. Community leaders plan to donate land and infrastructure, as well as provide some level of interim and gap financing, to bring home costs down for renters and homeowners alike.

Infrastructure Costs

Infrastructure costs in Lea County are not prohibitive to affordable housing development, especially given the relatively high costs of labor and transport. To establish baseline infrastructure development costs, the hard costs from two recent subdivisions were analyzed. The projects were two phases of development located at the periphery of Hobbs on greenfield sites. The Arbors at Ranch View Estates contained 98 units of relatively high-density single-family homes. The per-unit cost for this development was $11,979.09. The second subdivision, Tanglewood at Ranch View Estates has 78 lots and the majority of lots are roughly twice the size of the Arbors. The per-unit infrastructure cost for this phase was $26,190.06 reflecting the lower number of lots relative to infrastructure.

Financing

Housing development financing remains a significant obstacle to housing development. The currently housing market has essentially eliminated speculative financing for housing development. In Lea County this is further compounded by low home values that make the costs of housing development unjustifiable or have too slim of a profit margin to be an acceptable risk for banks. This suggests that any housing development financing will need to be based on pre-sold housing units. This again highlights the importance of creating a pipeline of qualified buyers and the critical importance of housing counseling activities to support that pipeline.

Permanent financing for buyers has been similarly challenged by the changes in the real estate market. The resulting retrenchment of mortgage underwriting standards over the last four years has made FHA backed mortgages the most common tool for low and moderate-income homeownership. There are three FHA approved lenders and two MFA approved lenders in Lea County, all of which are located in Hobbs. USDA rural lending products also offer low cost, attractive financing options for low to moderate-income borrowers, including loans that combine first mortgages and rehabilitation financing. Developing closer relationships with the USDA Rural Development office and expanding USDA approved lenders would certainly help create more qualified buyers with access to relevant financing.

Economic Constraints

Beyond the usual discussion of nongovernmental constraints, Lea County's boom and bust economy poses fairly unique constraints on housing development.

Depressed Real Estate Market

In Lea County, boom and bust cycles in the oil and gas industry have caused housing production to fluctuate greatly over the years. The 1990s represents a bust cycle where families and workers left the area, and no new development occurred. When employment picked up in 2003, real estate prices and production levels remained depressed. Development activity took hold and has continued in Hobbs, with real estate values stabilizing after a few years. In Eunice, some new development has occurred as a result of URENCO, causing moderate increases in land values and some speculation. Jal and Tatum, on the other hand, have experienced almost no new development, and real estate prices remain frozen in time in those communities. Finally, Lovington, a much larger city, has many more homeownership and rental opportunities, but housing production and home prices there also remain low.

Housing in Jal

This depressed real estate market makes it difficult for developers to produce new housing stock. To obtain construction financing, the appraised value of the home after construction must be high enough to justify the construction costs. Thus depressed home prices, compounded by ever increasing construction prices, present significant challenges to single-family development. And because today's lending standards will not finance speculative development, most lenders will require that units be presold.

These market conditions are exacerbated by perceived real estate values in Lea County, where many units are listed for sale well below $100,000, and many residents appear unwilling to pay even that amount. Despite local incomes that should support a certain level of housing payment and market value of a property, even new homes go unsold if they are priced above $100,000. A prime example of this is the new single-family home developed in Tatum by the Tatum Schools Building Trade Program. While the home appraised at $120,000, the highest bid on the property at public auction was only $80,000, a gap in market value and perceived value within the community of $40,000 or a third of the total value of the home. Similarly, in Eunice, the workforce level homes developed by Unidev were priced appropriately for a three-person household in the 80-120% AMI income range (22% of households in that community) yet two remain unsold. One issue with the Unidev homes is that they utilize cost-effective frame and stucco construction that is not well accepted in Lea County, where brick ranch house construction is preferred.

The perceived value of housing is also reflective of its age and condition. Over 42% of housing stock was built before 1969, well before many modern building codes and energy efficiency requirements that ultimately serve to make homes more livable and desirable. Likewise, older housing stock presents accessibility challenges to the elderly and disabled. While the percentage of housing in Lea County considered substandard as defined by the US Census is low, this belies the amount of housing stock that is currently not inhabitable because of deferred maintenance or abandonment. This is acutely true in the communities of Jal and Tatum where housing vacancy rates are above 20% and 40% respectively.

Abandoned home in Lea County

Vacant and Abandoned Homes

Lea County's housing stock is considerably older than the state's average, with 51.4% being constructed before 1980 when most model building codes were in place.
The county has a high number of vacant properties at 2,683 units (10.7%), with only a small percentage used as second or recreational homes. Additionally, 42.4% of vacant homes are categorized as Other Vacant, indicating need for substantial rehabilitation.

Bust periods in the oil fields have contributed to the large number of vacant and abandoned homes. During those periods, many families left to find new employment. Because of the low cost of both land and housing, many absentee owners have chosen to abandon their properties rather than fix them up, clear the titles, or even put them on the market.

Vacant and poorly maintained housing serve to depress values for surrounding properties and have likely contributed to some of the issues surrounding cloudy title on properties that were not deemed worth the legal expense to keep current. This is especially true in Tatum, where officials report large numbers of properties with cloudy titles that preclude demolition or rehabilitation. Often the costs to clear these titles may still not be justified by the current values of the homes. As a result, communities are left with the blight of many abandoned, substandard homes, and have sought demolition as one vehicle to rectify the problem.

Over the past decade, some demolition of substandard vacant housing has occurred in Lea County. Most has occurred in Hobbs, where funding has been allocated for this activity. The smaller municipalities recognize substandard vacant housing as a problem, but demolition activities are constrained by limited budgets. Presently, Jal and Eunice are demolishing a small number of units that are vacant and unfit for habitation. Jal is undertaking demolition for the first time, while Eunice is revisiting the problem after a few years of no demolition activity. Lovington has placed a moratorium on demolition due to the high cost of waste disposal, but demolished a small number of units in past years. Tatum has never had adequate funding to undertake demolition.

The cities of Eunice and Jal have adopted parallel ordinances regarding demolition. Property owners are notified and given a set period to fix up the home or appeal the decision to have it demolished. If the property owner does not take action, the cities will demolish the home and assess a lien on the property equivalent to the cost incurred for demolition. If the lien is not paid, the cities have the prerogative to foreclose on the property, although this is not generally implemented. The remaining lots are valuable infill properties that can be redeveloped as affordable housing. Recommendations for redevelopment of these properties can be found In Section V: Implementation Plan.

Employment Variability

The dominance of the oil and gas industry in Lea County is a primary factor in housing choices made by residents. Because oil and gas workers tend to change jobs frequently, rely on significant overtime pay rather than base salaries, and spend money on disposable purchases, it is difficult for them to qualify for homeownership. Even for workers employed full-time or nearly full-time, it will be nearly impossible for them to qualify for a mortgage if they switch jobs frequently or work on contract.

Oil and gas workers are also comfortable moving from place to place and living out of RVs, mobile homes and hotels. Thus, individual workers and families tied to the industry are much more likely to be renters than homeowners. Despite the fact that the mix of employment is changing in Lea County and more stable jobs are now available, the oil and gas industry continues to dictate the terms of employment for other industries by offering high wages and ramping up employment at peak times. Because this employment context makes homeownership both unattractive and unlikely for many workers in Lea County, this plan recommends that the initial five years of affordable housing development focus primarily on rental housing.

Demand for Rental Housing

As a result of the exponential economic growth and private investment currently occurring in Lea County there are reportedly high numbers of temporary employees in the fields of construction and specialized services, which create an artificial demand for rental housing. Most multifamily rental complexes interviewed for this plan reported numerous units being filled through work related short-term rentals. This temporary absorption ties up units that would otherwise be available for permanent residents. Likewise, this high level of demand discourages property owners from investing in their apartment complexes. Targeted income-restricted rental development will help provide a "safe harbor" stock of higher quality units available to permanent community residents.

Despite the initial focus on rental housing for Lea County, there are certainly opportunities for homeownership to grow among the workforce population in the long term. Wages are generally moderate to high in Lea County, and many households earn ample income to qualify for mortgages. Proper education about mortgage qualification and its relationship to employment may help Lea County residents make wiser employment choices. For instance, a person who aims to own a home may opt to stay at a more regular, but perhaps lower paying job in an effort to qualify for homeownership. As a pipeline of "mortgage ready" low- to moderate-income buyers is created, builders will be better able to secure construction financing and more willing to take risks if they know they have confirmed buyers.

Housing Development Feasibility Analysis

Affordable housing development presents a number of challenges in Lea County. Low economies of scale, coupled with relatively low land values make many projects financially unfeasible. The following analysis shows basic development *pro formas* for likely development types within Lea County.

Affordability as a function of area median income is the starting point for analysis of housing development scenarios. It is also important to remember that there remain significant gaps between what people should be able to afford and what they are willing to expend in housing expense. Determination of the subsidy needed to close the gap is determined by the studying the feasibility of development.

Analysis of housing development and affordability is predicated by the payment capacity of potential LMI buyers or renters. The following table demonstrates the monthly housing payment capacity at varying Area Median Income levels based on family size with the second number representing total mortgage capacity. Monthly payment capacity is calculated at a conservative 30% of gross income to compensate for at least three percent of gross income for mortgage insurance, homeowner's insurance and property taxes. Total mortgage capacity was calculated using a 5.5% interest rate for a 30 year fixed rate loan. Area Median Income numbers are extrapolated from 2010 published HUD income limits for 100% AMI. A complete table with income levels by AMI and households size and associated assumptions can be found in Appendix B: Lea County Income.

Table 18: Affordability and Incomes

	1 Person HH	2 Person HH	3 Person HH	4 Person HH	5 Person HH	6 Person HH
30% AMI	$223	$254	$286	$318	$343	$369
	$39,187	$44,691	$50,415	$55,919	$60,322	$64,945
50% AMI	$413	$473	$531	$590	$638	$685
	$72,650	$83,218	$93,565	$103,912	$112,278	$120,643
60% AMI	$495	$566	$636	$708	$764	$821
	$87,180	$99,729	$112,057	$124,606	$134,513	$144,640
70% AMI	$578	$660	$743	$825	$891	$958
	$101,710	$116,240	$130,770	$145,300	$156,969	$168,637
80% AMI	$660	$755	$849	$943	$1,019	$1,094
	$116,240	$132,972	$149,483	$165,995	$179,424	$192,633
90% AMI	$743	$848	$954	$1,060	$1,145	$1,230
	$130,770	$149,263	$167,976	$186,689	$201,659	$216,630
100% AMI	$824	$943	$1,060	$1,178	$1,271	$1,366
	$145,080	$165,995	$186,689	$207,383	$223,895	$240,626
110% AMI	$906	$1,036	$1,165	$1,295	$1,399	$1,503
	$159,610	$182,506	$205,182	$228,078	$246,350	$264,623
120% AMI	$989	$1,130	$1,271	$1,413	$1,525	$1,639
	$174,140	$199,018	$223,895	$248,772	$268,586	$288,620

Development Feasibility Analysis

The following analysis provides two scenarios: a single-family development and a multi-family development. It becomes clear that in Lea County, the density of development isn't the primary factor affecting affordability but rather the lack of production capacity and low real estate values. For these reasons, the recommendations in this plan focus on scattered sites or small six-unit or less projects, in concert with widespread rehabilitation and redevelopment efforts. Note that the cost assumptions in the analysis are for "loaded" costs that include all construction (building, materials, site work, utilities) and associated soft costs (architectural, engineering, entitlements).

Single Family Housing Development

Single-family housing development is one strategy for creating new affordable housing in Lea County. Given current development capacity and zoning districts, this would likely take place on scattered sites or small developments of six units or less. Building costs, labor, site work, utilities,

Single Family Subdivision. The first scenario looks at a small subdivision development with various levels of municipal donation and the resulting effects on affordability. The home is assumed to be 1,250 square feet in size and payment capacity is based on a three-person household. The assumption for loaded construction costs of $120 per square foot including soft costs and is meant to represent a stick built home. The lot cost assumption represents an estimated value of $6,500, which would be found in the higher cost communities within Lea County such as Lovington and Eunice.

Table 19: Single Family Subdivision Feasibility Analysis

ITEM	Full Cost Construction	Land Donation	Land and Infrastructure Donation
	6 Units	6 Units	6 Units
Land (1 Acre)	$40,000	$0	$0
Infrastructure	$72,000	$72,000	$0
Loaded build Cost $120/ft	$900,000	$900,000	$900,000
TOTAL Development Cost	**$1,012,000**	**$972,000**	**$900,000**
Cost Per Unit	**$168,667**	**$162,000**	**$150,000**
100% AMI Affordability	$186,689	$186,689	$186,689
100% AMI Subsidy Gap	**($18,022)**	**($24,689)**	**($36,689)**
80% AMI Affordability	$149,483	$149,483	$149,483
80% AMI Subsidy Gap	**$19,184**	**$12,517**	**$517**
60% AMI Affordability	$112,057	$112,057	$112,057
60% AMI Subsidy Gap	**$56,610**	**$49,943**	**$37,943**

Conclusion. The development scenario in Table 19 indicates the challenge of for-sale housing development on the subdivision level. Even with a donation of land and infrastructure the development would not cash flow at the pricing level for a family of three at 80% of median income, showing a $517 per unit net loss from development. To make these homes affordable for a family of three at 60% AMI would require a minimum of $37,943 in additional subsidy per unit. While it appears that housing development at the 100% AMI level does cash flow, the total unit costs are still significantly above similarly sized homes on the existing market and could suffer marketability issues.

Single Family Subdivision – Modular. One way to alleviate high development costs in Lea County is through the use of modular construction. Built offsite, these homes require far less time to develop and don't suffer from construction delays associated with multiple permitting inspections which are conducted by the Construction Industries Division. The scenario in Table 20 uses the same base assumptions as the previous calculation, but includes a lower construction cost of $90 per square foot, which was based on estimates provided by modular home manufacturers.

Table 20: Single Family Subdivision Feasibility Analysis – Modular Construction

ITEM	Base Construction	Land Donation	Land and Infrastructure Donation
	6 Units	6 Units	6 Units
Land (1 Acre)	$40,000	$0	$0
Infrastructure	$72,000	$72,000	$0
Loaded build Cost $90/ft	$675,000	$675,000	$675,000
TOTAL Development Cost	**$787,000**	**$747,000**	**$675,000**
Cost Per Unit	**$131,167**	**$124,500**	**$112,500**
100% AMI Affordability	$186,689	$186,689	$186,689
100% AMI Subsidy Gap	**($55,522)**	**($62,189)**	**($74,189)**
80% AMI Affordability	$149,483	$149,483	$149,483
80% AMI Subsidy Gap	**($18,316)**	**($24,983)**	**($36,983)**
60% AMI Affordability	$112,057	$112,057	$112,057
60% AMI Subsidy Gap	**$19,110**	**$12,443**	**$443**

Conclusion. With a final unit cost of between $112,500 and $131,167, modular prices are much more commensurate with both affordability targets and market prices. This scenario requires only $443 per unit in subsidy to cover the basic costs of construction. It is reasonable to assume that the small gap could be covered through outside sources such as HOME development subsidy.

Scattered Site Single Family. Another likely mode of development within Lea County would be scattered site single home development on individual lots. While this type of development would lack the economies of scale found in small subdivision development, it would not require the costly development of infrastructure such as roads, curb, water, and sewer line extensions. Table 21 demonstrates the cost analysis of a 1,250 square-foot home and its relative affordability with and without a municipal land donation. Affordability is based on a family of three.

Table 21: Single Family Scattered Site Feasibility Analysis

ITEM	Base Construction	Land Donation
	1 Unit	1 Unit
Lot	$6,500	$0
Loaded build Cost $120/ft	$150,000	$150,000
TOTAL Development Cost	**$156,500**	**$150,000**
100% AMI Affordability	$186,689	$186,689
100% AMI Subsidy Gap	**($30,189)**	**($36,689)**
80% AMI Affordability	$149,483	$149,483
80% AMI Subsidy Gap	**$7,017**	**$517**
60% AMI Affordability	$112,057	$112,057
60% AMI Subsidy Gap	**$44,443**	**$37,943**

Conclusion. Single unit development presents many of the same challenges to affordability found in the small subdivisions. While nearly covering costs of development for a three person family at 80% AMI, the final unit cost, even with land donation is still much higher than the existing market. Again, high construction costs relative to value are the main obstacle. While stick built single home development appears to meet the needs of at least the upper two income categories, it is also important to note that at 1250 square feet, these homes are also much more modest in size than many of the comparable homes on the open market which would be in an acceptable price range for these buyers.

Scattered Site Single Family – Modular. Table 22 depicts a single-unit development using a modular home. Construction costs are lowered by approximately $30 per square foot, having a large benefit for affordability.

Table 22: Single Family Scattered Site Feasibility Analysis - Modular

ITEM	Base Construction	Land Donation
	1 Unit	1 Unit
Lot	$6,500	$0
Loaded build Cost $90/ft	$112,500	$112,500
TOTAL Development Cost	**$119,000**	**$112,500**
100% AMI Affordability	$186,689	$186,689
100% AMI Subsidy Gap	**($67,689)**	**($74,189)**
80% AMI Affordability	$149,483	$149,483
80% AMI Subsidy Gap	**($30,483)**	**($36,983)**
60% AMI Affordability	$112,057	$112,057
60% AMI Subsidy Gap	**$6,943**	**$443**

Conclusion. Utilizing a modular home yields a final per unit development cost of $119,000 and $112, 500 if the land is donated. This again achieves affordability almost down to the 60% AMI level for a family of three, leaving a net negative cost of development of $443 per unit, which could easily be overcome with external subsidy sources or proposed down payment assistance programs. Likewise, this price range is much more on par with existing market prices and local market perceptions. Again it is worth noting that these calculations assume a relatively small home at 1250 square feet, and that larger homes may be needed to be marketable in the area. Increasing home size to 1400 square feet would require approximately$15,000 in additional subsidy to still be affordable to a three-person family at the 60% AMI level.

Multifamily Development

Most communities in Lea County have neither the market demand nor capacity to develop large rental projects. As such, smaller development projects of less than six affordable rental units are the best strategy for many of these communities. This strategy has been proposed for a site in Eunice and a market analysis has been conducted. Table 23: Small Multifamily Development Feasibility Analysis demonstrates the achieved affordability through various level of municipal contribution for a six-unit stick built project on an undeveloped acre of land. Again the homes are assumed to be 1,250 square feet, which is somewhat large for typical affordable rental development, but is commensurate or smaller than homes on the existing market. Carrying costs are estimated based on a 30-year conventional mortgage at 5% interest rate with $80 allotted for taxes and insurance monthly. Affordability is based on 30% of gross income for a family of three.

Table 23: Small Multifamily Development Feasibility Analysis

ITEM	Base Construction	Land Donation	Land and Infrastructure Donation	Land, Infrastructure and $15,000 Per Unit Cash Donation	Land, Infrastructure and $30,000 Per Unit Cash Donation
	6 Units	6 Units	6 Units	6 Units	6 Units
Construction					
-Land (1 Acre)	$40,000	$0	$0	$0	$0
-Infrastructure	$72,000	$72,000	$0	$0	$0
-Loaded Build Cost $120/ft	$900,000	$900,000	$900,000	$900,000	$900,000
TOTAL Development Cost	**$1,012,000**	**$972,000**	**$900,000**	$900,000	$900,000
Less Total Cash Subsidy	**$0**	**$0**	**$0**	$90,000	$180,000
Total Effective Cost	**$1,012,000**	**$972,000**	**$900,000**	$810,000	$720,000
Effective Cost Per Unit	**$168,667**	**$162,000**	**$150,000**	$135,000	$120,000
Monthly Carrying Costs	**$985**	**$950**	**$885**	**$800**	**$725**
100% AMI Affordability	$1,060	$1,060	$1,060	$1,060	$1,060
100% AMI Subsidy Gap	**($75)**	**($110)**	**($175)**	**($260)**	**($335)**
80% AMI Affordability	$849	$849	$849	$849	$849
80% AMI Subsidy Gap	**$136**	**$101**	**$36**	**($49)**	**($124)**
60% AMI Affordability	$636	$636	$636	$636	$636
60% AMI Subsidy Gap	**$349**	**$314**	**$249**	**$164**	**$89**
30% AMI Affordability	$286	$286	$286	$286	$286
30% AMI Subsidy Gap	**$699**	**$664**	**$599**	**$514**	**$439**

Conclusion. This development scenario depicts not only land and infrastructure donations, but also two levels of additional cash subsidy at $15,000 and $30,000 per unit. Municipal contributions of land and infrastructure to the project, without any additional subsidy, would cash flow at the 100% AMI level and are close to breaking even for the 80% level. At the $15,000 per unit subsidy level along with infrastructure and land donation would cash flow for families at the 80% AMI level. A minimum of an additional $40,000 in subsidy per unit would be needed to bring rent level down to the 60% AMI level and significantly more subsidy funds would be needed to serve very low-income households.

Small Multifamily Development – Modular. Utilizing modular housing for rental development significantly enhances affordability. The table below depicts the same housing development scenario as above but at the lower construction cost of $90 per square-foot.

Table 24: Small Multifamily Development – Modular

ITEM	Base Construction 6 Units	Land Donation 6 Units	Land and Infrastructure Donation 6 Units	Land, Infrastructure and $15,000 Per Unit Cash Donation 6 Units	Land, Infrastructure and $30,000 Per Unit Cash Donation 6 Units
Construction					
-Land (1 Acre)	$40,000	$0	$0	$0	$0
-Infrastructure	$72,000	$72,000	$0	$0	$0
-Loaded Build Cost $120/ft	$675,000	$675,000	$675,000	$675,000	$675,000
TOTAL Development Cost	**$787,000**	**$747,000**	**$675,000**	**$675,000**	**$675,000**
Less Total Cash Subsidy	**$0**	**$0**	**$0**	**$90,000**	**$180,000**
Total Effective Cost	**$787,000**	**$747,000**	**$675,000**	**$585,000**	**$495,000**
Effective Cost Per Unit	**$131,167**	**$124,500**	**$112,500**	**$97,500**	**$82,500**
Monthly Carrying Costs	**$785**	**$750**	**$685**	**$600**	**$520**
100% AMI Affordability	$1,060	$1,060	$1,060	$1,060	$1,060
100% AMI Subsidy Gap	**($275)**	**($310)**	**($375)**	**($460)**	**($540)**
80% AMI Affordability	$849	$849	$849	$849	$849
80% AMI Subsidy Gap	**($64)**	**($99)**	**($164)**	**($166)**	**($166)**
60% AMI Affordability	$636	$636	$636	$636	$636
60% AMI Subsidy Gap	**$149**	**$114**	**$49**	**($36)**	**($116)**
30% AMI Affordability	$286	$286	$286	$286	$286
30% AMI Subsidy Gap	**$499**	**$464**	**$399**	**$314**	**$234**

Conclusion. The use of modular construction significantly increases affordability, but still does not fully reach affordability levels required for families at 60% AMI without additional cash subsidy. At $15,000 per unit, rents could be made affordable for a family earning 60% AMI. But even with $30,000 in subsidy, the long-term monthly carrying costs from development are nearly twice what a family of three at 30% AMI can afford to pay in rent. With conventional financing, the total effective unit development cost would need to be around $38,500 to achieve affordable rent levels for very low-income families. Smaller housing units could be considered, which would lower development costs and the amount of cash subsidy needed, but could also challenge marketability.

Summary of Housing Development Recommendations

Housing development in Lea County remains a costly activity. While housing development for higher income households is financially feasible, the homes may not meet market expectations for both pricing and home size. As shown in the Development Feasibility Analysis, housing for the lowest income households will require a combination of land and infrastructure donation, additional cash subsidy and the utilization of modular buildings to be affordable to low- and moderate-income renters and homebuyers. A summary of the strategies recommended in the Implementation Plan is included below.

Establish a viable affordable housing funding mechanism.

As detailed in *1.1 Creation of an Affordable Housing Trust Fund*, having a trust fund is essential for providing the additional subsidy needed to meet the needs of households at and below 60% AMI. One potential function of the trust fund as it relates to housing development would be to provide low- or no-interest permanent financing for rental units that serve the lowest income families (below 30%). By lowering the carrying costs on the rental unit, this could significantly reduce or eliminate the need for additional rental subsidies. The advantage of this approach is that the fund is replenished as monthly payments on the loan are made. The downfall of this type of approach is that it is cash intensive and only feasible if for a portion of the units within any given project.

Use multi-layered subsidy sources.

The need for large amount of subsidy will also require the maximum leverage of outside subsidy sources for development, which is reflected in Strategy *1.2* of the implementation plan. Compiling a list of the development related subsidy sources such as HOME funds, The Land Title Trust Fund below market financing and other available resources will lower the impact on limited County resources. Capacity to access these sources should be developed either at the County or with a central housing non-profit organization (Strategy *2.1*) to ensure that these opportunities are maximized and that all development projects rely on layered subsidy sources as opposed to single-source financing.

Establish public/private/nonprofit partnerships.

Resources from private institutions should also be maximized. This is reflected in multiple implementation strategies. Strategy *2.4* calls for increasing collaboration between non-profits, private businesses, developers and local governments to increase coordination and capacity. The development of affordable housing specific modular design plans will maximize value engineering and ensure that affordable homes meet the needs of low-income households.

Engage Lea County's large employers.

Large employers are also particularly engaged in the housing needs in Lea County. With many growing and successful businesses willing to invest land and other resources in affordable housing for employees, this type of public private partnership should be prioritized. This is reflected in Implementation Strategy *2.4c*, public/private investment in non-profit development capacity and *3.4*, the creation of a formal employer assisted affordable housing program.

Prioritize development projects to achieve affordability across a spectrum of housing need.

As reflected in Strategy *4.1*, housing development projects, particularly those receiving cash subsidy from a County trust fund mechanism, should meet the highest needs within the particular community where they are undertaken. Likewise, these projects should leverage outside resources and investment from private sources such as large employers who stand to benefit from those projects. Moreover, these projects should be catalytic, meaning they not only meet the immediate housing needs of low and moderate-income households, but also have high community redevelopment and economic development benefits as well.

Section IV: HOUSING NEEDS ANALYSIS

Affordability

Income and Poverty

Lea County per capita income falls below both state and national levels, while median household income is similar to that of the state. At over $48,000, the City of Eunice has the highest median household income in the County, with the rest of the communities concentrated around $40,000.

The overall poverty rate in Lea County is slightly lower than in New Mexico but higher than US levels. Hobbs and Jal have overall poverty rates that are higher than New Mexico, with Tatum and Eunice at overall poverty rates below the national average. The highest child poverty rates occur in Hobbs and Jal, both over 25%, with high senior poverty rates in Jal and Tatum due to aging populations there. Adult poverty rates are lower than the national average in the smaller communities of Eunice, Jal and Tatum, but exceed the statewide adult poverty rate of 16% in Hobbs and Lovington.

Table 25: Affordability Factors

Economic Characteristics	United States	New Mexico	Lea County	City of Hobbs	City of Lovington	City of Eunice	City of Jal	City of Tatum
Income								
Median household income	$51,425	$42,742	$42,816	$41,101	$39,653	$48,047	$37,794	$40,726
Per capita income	$27,041	$22,461	$19,865	$19,958	$17,684	$24,803	$20,013	$16,747
Below Poverty Level								
All people	13.5%	18.1%	17.3%	20.3%	17.9%	12.4%	18.4%	9.0%
Children under 18 years	18.6%	25.2%	24.1%	28.0%	19.2%	16.9%	29.4%	0.0%
People 18-64 years	12.2%	16.1%	15.2%	17.8%	18.6%	12.7%	12.4%	8.5%
People 65 years and older	9.8%	13.1%	9.8%	11.2%	11.6%	0.0%	20.1%	16.3%
Cost and Rent Burden								
Cost burdened	36.9%	31.4%	19.9%	19.8%	18.1%	15.5%	8.8%	0.0%
Selected monthly owner costs	$1,486	$1,158	$872	$895	$833	$634	$668	$450
Rent burdened	50.1%	47.9%	33.5%	32.8%	34.4%	17.6%	35.0%	0.0%
Median rent	$817	$659	$587	$589	$553	$545	$471	NA
Mortgage Status*								
Homeowner HHs with mortgage	Not Released	62.3%	51.0%	55.5%	48.4%	40.8.%	27.3%	35.5%
Homeowner HHs without mortgage	Not Released	37.7%	49.0%	45.5%	51.6%	59.1%	72.7%	64.5%

Source: US Census Bureau, 2005-2009 American Community Survey 5-Year Estimates unless otherwise indicated

**2010 US Census*

Cost and Rent Burden

The cost of living in Lea County is quite low when compared to that of New Mexico and the US. Fewer Lea County households are cost and rent burdened, defined as households paying more than 30% of their income for housing costs. For renters, 33.5% of households in Lea County are rent-burdened, compared to 50.1% in the US and 47.9% in New Mexico. The median rent in Lea County is $587, lower than the median of $659 in New Mexico.

US Census data indicates that only 19.9% of homeowners in Lea County are cost-burdened, compared to 36.9% in the US and 31.4% in New Mexico. Selected monthly costs for homeowners in Lea County average $872, much lower than $1,158 in New Mexico. Selected monthly costs and the percentage of cost burdened homeowners are greatest in Hobbs and Lovington, and decrease considerably in the smaller communities. Furthermore, the percentage of homeowners in Lea County *without a mortgage* is greater than the percentage *with a mortgage* in all communities except Hobbs. In New Mexico and the US, a much higher percentage of households have mortgages than those who own their homes outright.

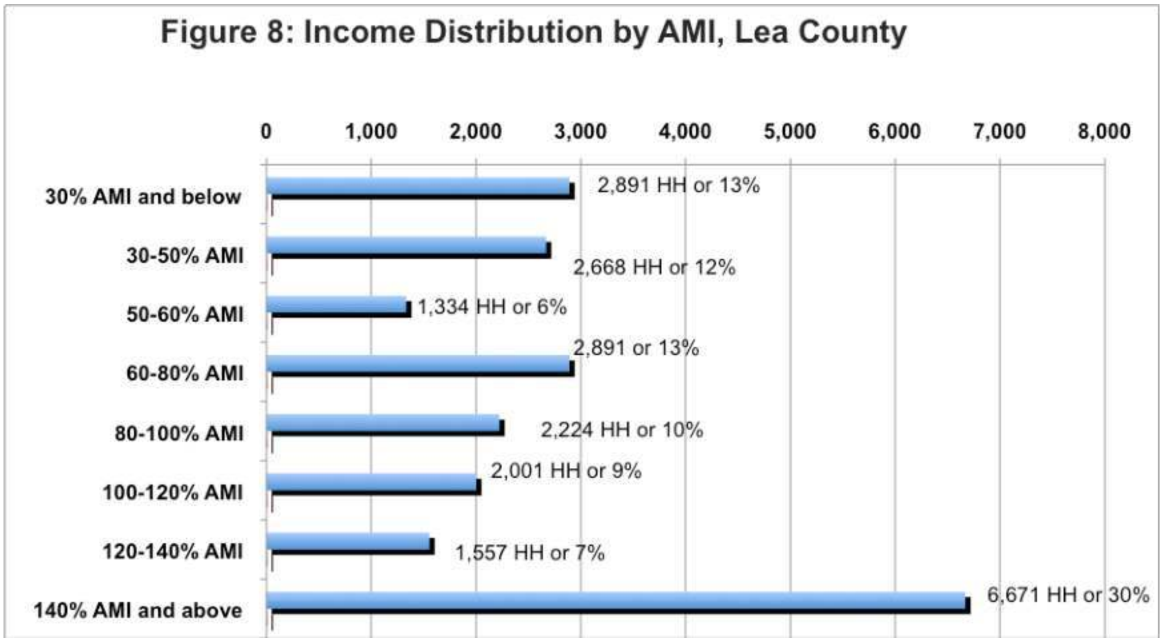
Area Median Income (AMI) and Income Distribution

As determined by the US Department of Housing and Urban Development (HUD), the Area Median Income (AMI) for Lea County is $47,100. AMI is used to qualify households for various HUD programs and funding sources, such as Section 8 Rent Subsidy Vouchers and Low-Income Housing Tax Credits. Low-income households earn less than 80% of AMI, very low-income households earn less than 50%, and extremely low-income households earn less than 30%. Some HUD programs can be used for moderate-income households, or those between 80 and 100% AMI. Typically, 60% AMI is a threshold for households that can afford to buy a home and those that cannot.

Table 26: Lea County Income Limits

HH Size	1	2	3	4	5	6	7	8
30% AMI	$9,900	$11,300	$12,700	$14,100	$15,200	$16,400	$17,500	$18,600
40% AMI	$13,150	$15,050	$16,900	$18,800	$20,300	$21,800	$23,300	$24,800
50% AMI	$16,500	$18,900	$21,250	$23,600	$25,500	$27,400	$29,250	$31,150
60% AMI	$19,800	$22,650	$25,450	$28,300	$30,550	$32,850	$35,100	$37,350
70% AMI	$23,100	$26,400	$29,700	$33,000	$35,650	$38,300	$40,900	$43,550
80%AMI	$26,400	$30,200	$33,950	$37,700	$40,750	$43,750	$46,750	$49,800
90% AMI	$29,700	$33,900	$38,150	$42,400	$45,800	$49,200	$52,600	$55,950
100% AMI	$32,950	$37,700	$42,400	$47,100	$50,850	$54,650	$67,750	$62,150
110% AMI	$36,250	$41,450	$46,600	$51,800	$55,950	$60,100	$64,250	$68,400
120% AMI	$39,550	$45,200	$50,850	$56,500	$61,000	$65,550	$70,050	$74,600

The income limits for each AMI category are shown in Table 26. To qualify for various HUD programs, households cannot earn more than the income limit for their household size. For example, to qualify for a HUD program that requires that you earn no more than 30% AMI, a household of two must have an annual household income of $11,300 per year. HUD uses households of four as its standard, meaning that the AMI for Lea County correlates to the income limits for a family of four earning 100% AMI.



Based on income categories reported by the US Census 2005-2009 American Community Survey, the number and percentage of households in various Area Median Income categories are shown in Table 27 for Lea County.

Table 27: Lea County Area Median Income Categories

AMI Category	No. of Households (2005-2009)	Percent of Households (2005-2009)	No. of Households (2010 Est.)
30% AMI (Extremely Low Income) *$14,100 and below*	2,859	13%	2,891
30-50% AMI (Very Low Income) *$14,101 to $23,600*	2,565	12%	2,668
50-80% AMI (Low Income) *$32,601 to $37,700*	976	19%	4,225
Total Low Income	**9,420**	**44%**	**9,784**
80-120% AMI (Moderate Income) *$37,701 to $56,500*	4,034	19%	4,225
Total Low to Moderate Income	**13,454**	**63%**	**14,009**

Source: Households for AMI categories in Figure 8 and Table 27 estimated by Housing Strategy Partners using 2005-2009 American Community Survey data.

Forty-four percent or 9,420 households can be classified as low-income, with an additional 19% or 4,034 households classified as moderate income. Sixty-three percent or 13,454 Lea County households can be categorized as low to moderate-income.

Because the US Census has not released 2010 income data for the substantial increase in population and households in Lea County, we have extrapolated the percentages of households for each AMI category to the total number of households in Lea County (22,236) in 2010. This allows us to estimate the current number of households in each AMI category. Based on this methodology, 9,784 households can be classified as low-income and 4,225 as moderate-income, for a total of 14,009 low to moderate-income households in Lea County.

Homeownership Gap Analysis

Table 28: Affordability Matrix[6] below shows the housing costs that households at various income levels can afford. The first line for each income category is the monthly housing payment, and the second line is the purchase price of a home. Mortgage affordability for this matrix was computed using a basic mortgage calculator that assumes a 30-year, 5.50% fixed rate loan based on the income guidelines for family size and income levels and does not include taxes and insurance.

Table 28: Affordability Matrix

HH Size	1	2	3	4	5	6	7	8
30%	$248	$283	$318	$353	$380	$410	$438	$465
	$43,590	$49,754	$55,919	$62,083	$66,926	$72,210	$77,053	$81,897
40%	$329	$376	$423	$470	$508	$545	$583	$620
	$57,900	$66,266	$74,411	$82,777	$89,382	$95,986	$102,591	$109,195
50%	$413	$473	$531	$590	$638	$685	$731	$779
	$72,650	$83,218	$93,565	$103,912	$112,278	$120,643	$128,789	$137,155
60%	$495	$566	$636	$708	$764	$821	$878	$934
	$87,180	$99,729	$112,057	$124,606	$134,513	$144,640	$154,547	$164,454
70%	$578	$660	$743	$825	$891	$958	$1,023	$1,089
	$101,710	$116,240	$130,770	$145,300	$156,969	$168,637	$180,085	$191,753
80%	$660	$755	$849	$943	$1,019	$1,094	$1,169	$1,245
	$116,240	$132,972	$149,483	$165,995	$179,424	$192,633	$205,842	$219,272
90%	$743	$848	$954	$1,060	$1,145	$1,230	$1,315	$1,399
	$130,770	$149,263	$167,976	$186,689	$201,659	$216,630	$231,600	$246,350
100%	$824	$943	$1,060	$1,178	$1,271	$1,366	$1,694	$1,554
	$145,080	$165,995	$186,689	$207,383	$223,895	$240,626	$298,306	$273,649
110%	$906	$1,036	$1,165	$1,295	$1,399	$1,503	$1,606	$1,710
	$159,610	$182,506	$205,182	$228,078	$246,350	$264,623	$282,896	$301,168
120%	$989	$1,130	$1,271	$1,413	$1,525	$1,639	$1,751	$1,865
	$174,140	$199,018	$223,895	$248,772	$268,586	$288,620	$308,433	$328,467

[6] Income calculations used in the Affordability Matrix are based on the percentage of HUD median income for median family size numbers rounded to the nearest $100. Adjustments for family size are based on the HUD income formula of a 10% decrease in allowance for each family member less than the median size of four and an 8% increase in income for each family member greater than the median size. These numbers are then rounded to the nearest $50 increment as is HUD's policy. This is true for all categories with the exception of the 80% tier which is a published number from HUD and differs from the number derived from full median income because HUD's formula for 80% of median is based on the Very Low Income numbers.

Table 29: Lea County Home Sales Listings

Price Range	No. of Listings	% of Listings
Under $50,000	2	1.3%
$50,001 to $80,000	24	15.4%
$80,001 to $100,000	14	9.0%
$100,001 to $125,000	6	3.8%
$125,001 to $150,000	20	12.8%
$150,001 to $200,000	41	26.3%
$200,001 to $250,000	24	15.4%
$250,001 to $300,000	9	5.8%
Above $300,000	16	10.3%
Total	**156**	**100%**
Median Price	**$165,250**	

Source: Online Multiple Listing Service search for residential listings in Lea County conducted by Housing Strategy Partners, March 2011.

To determine the availability of homeownership opportunities for low and moderate- income households, Housing Strategy Partners researched residential sales listings in both March 2011 using the Multiple Listing Service (MLS). One hundred and fifty six listings were found in Lea County, with the majority (78% or 122) occurring in Hobbs. Twenty-seven of the listings were in Lovington, five were in Eunice, and one each were in Tatum and Jal.

Our research found that a large number of homes (26.3%) were priced between $150,000 and $200,00, with a majority (54.5%) priced between $125,00 and $250,000, with the median home price of $165,250. The Hobbs Board of Realtors reports that homes typically sell within $5,000 of listing price, so this analysis is thought to be a reasonably accurate depiction of actual sales prices. It should be noted, however, that home prices are clearly skewed by the fact that the majority of residential listings occur in Hobbs, where prices are higher than the rest of the county. In Section VI: Individual Community Plans, community-specific price and income data are presented to provide a gap analysis for each community. Clearly, however, it is the outright lack of homes for sale that creates the greatest barrier to homeownership in small communities like Eunice, Jal and Tatum.

On the basis of price alone, homeownership opportunities do exist in the marketplace for low and moderate-income Lea County households. However, opportunities are much greater for moderate-income households. Households of three[7] earning between 80 and 120% AMI can

[7] Households of three are used in the Affordability Gap Analysis to most closely match the average household size in Lea County of 2.61.

afford homes priced between $150,000 and $220,000. An ample number of listings, 60 or 38.5%, fall in this price range.

Homeownership opportunities decrease substantially for low-income residents. Households earning between 70 and 80% AMI can afford homes priced between $130,000 and $150,000. Only 20 listings or 12.8% of all listings were found in this price range. Households earning between 60 and 70% AMI can afford homes priced between $112,000 and $130,000. Only six listings were found in this range.

It should be noted that many Lea County households may have difficulty qualifying for a home loan due to poor credit and high debt ratios. Personal interviews and other planning documents indicate that many Lea County households have substantial automobile debt, and that some work seasonally or experience employment fluctuations in the oil fields. Also, historic boom and bust cycles have created a volatile real estate market that remains undervalued today. This may make locals wary of purchasing homes because they are perceived as bad investments. For all of these reasons, the actual demand for homeownership is believed to be much lower than the number of households who can afford a home based on income data.

Rental Gap Analysis

This analysis looks at several sources of information to determine the affordability of Lea County's rental market.

May 2009 Apartment Survey

In May of 2009, BBER completed an apartment survey for the thirty largest communities in New Mexico, excluding Albuquerque, Rio Rancho and Santa Fe. The survey looked at several factors, including average rents, vacancies, and total numbers of units. Of all the counties surveyed, Lea County had higher rents and lower vacancy rates than the study area as a whole, pointing to a fairly vibrant rental market. All of the apartments surveyed were in Hobbs and Lovington.

Table 30: Summary of BBER Rental Survey Results

Area	No. Units	Efficiency	1-BR	2-BR	3-BR	4-BR
Lea County	745	42	268	284	151	0
NM Study	11,805	382	4,159	5,035	2,083	146
Weighted Average Vacancy Rates						
Lea County	3.1%	Withheld	1.1%	1.4%	Withheld	n/a
NM Study	5.9%	9.7%	4.6%	6.8%	5.4%	8.2%
Weighted Average Rents						
Lea County	$569	Withheld	$551	$574	Withheld	n/a
NM Study	$537	$412	$482	$558	$612	$642

Source: UNM Bureau of Business and Economic Research; "Mid-May 2009 Apartment Survey", August 2009.

Hobbs Rental Survey

An apartment complex in Hobbs

In the *City of Hobbs Housing Needs Assessment*, Hobbs' market rate and income-restricted apartment complexes were surveyed to determine rental rates for comparably sized units. The following table summarizes the results of the survey. The rental rates are significantly higher than the BBER study cited above which may be due to the way BBER weighted the rents, as well as the timing of a couple of the more expensive Hobbs apartment complexes – Eagle Ridge, for example – which came online after the BBER survey was completed.

Table 31: Rental Rates for Hobbs Apartment Properties

Rental Data	1 BR	2 BR/ 1 BA	2 BR/ 2 BA	3 BR
Market Rate Apartments				
Rent Range	$618-$950	$701-$1,050	$900-$1,075	$782-$1,335
Average Rent	$817	$859	$1,028	$1,115
Square Foot Range	$590-$820	$788-$1,000	$960-$980	$980-$1,350
Price/Square Foot Range	$0.99-$1.36	$0.80-$1.11	$0.60-$1.17	$0.82-$1.41
Income Restricted Apts.				
Rent Range	$191-$430	$162-$548		$162-$627
Average Rent	$394	$440		$570
Square Foot Range	$584-$639	$806-$950		$970-$1,100
Price/Square Foot Range	$0.55-$0.76	$0.50-$0.67		$0.46-$0.63

Source: RRC Associates, Inc., *City of Hobbs Housing Needs Assessment,* 2009, p. 40-41.

Interviews with market rate property managers indicate that rents have increased significantly over the past few years. This trend likely began with the construction of the Windscape Apartments, which was intended to help provide housing for URENCO employees and contract workers along with upper income market renters. As developers and lenders began to see that higher priced apartments could be absorbed in Hobbs, others followed suit and built similar complexes. While the vacancy rate for such rentals was at 5% in 2009, property managers reported that the market was slowing down, particularly for fully furnished corporate rentals and higher-priced units. This may indicate that Hobbs has saturated the market for higher-priced apartment units.

What the results show is a significant gap between market rate and subsidized rentals that makes it difficult for low-income households to move into the free marketplace. However, it should be noted that the vast majority of rentals are single-family homes (1,884 units) and mobile homes (389 units), which are rented by owner. These units reported lower rental rates averaging $608 for a single-family home and $542 for a mobile home.

April 2011 Apartment Survey

Housing Strategy Partners also surveyed several major apartment complexes to assess rental and vacancy rates for both market-rate and subsidized rental complexes. Based on this information, an assessment of demand and affordability of Lea County's rental housing was made. The following market rate complexes provided complete data: Eagle Ridge, Rex Arms, Shadowridge, Windscape, Woodleaf, representing 558 units. Similar to the RRC study, it appears that the gap between market rate rents and subsidized properties is big enough that few low- and moderate-income renters are able to transition into market rate units without a major income shift. As shown in the table below, only 161 units are affordable for the County's residents earning less than 80% of the area median income.

Table 32: Market-Rate Rental Affordability

AMI Category	No. of Households	Percent of Households	Affordable Rent*	Market Apts. at this Rent
30% AMI (Extremely Low Income) *$14,100 and below*	2,891	13%	$318	0
30-50% AMI (Very Low Income) *$14,101 to $23,600*	2,668	12%	$477	0
50-80% AMI (Low Income) *$32,601 to $37,700*	4,225	19%	$690	161
Total Low Income	**9,784**	**44%**		

**Based on Table 28: Affordability Matrix, for family of three*

Conclusions

From this analysis, it is clear that Lea County's private rental market, as represented by multi-family complexes is generally unaffordable to residents with low incomes. With vacancy rates at the subsidized complexes extremely low, renter households are either "doubling up" with family and friends or renting from private landlords to keep their cost burdens low. Other conclusions include:

- Demand for high-end complexes is more reactive to shifts in the overall economy (units turn over when people lose jobs).

- Most of the subsidized complexes are consistently at 0% vacancy rates, some with waiting lists up to 18 months.

- None of the market rate complexes contacted for this survey accept Section 8 vouchers.

- Residents moving out of emergency and/or supported housing situations are rarely able to access a subsidized unit, forcing many to return to unstable, unsafe and/or substandard housing situations.

- Even though Lea County's cost burden for renters is significantly lower than that of New Mexico, this affordability is not achieved with what is available in market rate apartment complexes.

Rehabilitation of Existing Homes

There are a number of conditions in Lea County that make housing rehabilitation a priority for affordable housing activities. Rehabilitation of existing homes can help improve home values, the overall condition of housing stock and provide a pipeline of housing for first time LMI homebuyers. This strategy is also attractive for addressing the high percentage of vacant homes in several of the smaller communities in Lea County.

Need Factors for Rehabilitation

There are several factors that indicate a high need for rehabilitation in Lea County, including the lack of newly built housing units, number of vacant properties, the number of families and seniors living in poverty and the disability rates for seniors.

- Age of Housing Stock. The county's housing stock is considerably older than the state's average, with 51.4% being constructed before 1980 when most model building codes were in place.

- Number of Vacant Properties. Lea County has a high number of vacant properties at 2,683 units (10.7%) only small portions of which are second or recreational homes. Additionally, 42.4% of vacant homes are categorized as Other Vacant indicating need for substantial rehabilitation.

- Families Living in Poverty. Federal weatherization programs use 200% of poverty level as eligibility criteria for funding. In Lea County, approximately 3,408 households are classified as living at the poverty level so it's safe to assume that the number of eligible families earning twice as much is significantly higher than that figure.

- Rates of Disability for Seniors. While Lea County's rates of disability are comparable to the rest of state for its general population, for those 65 years and older the rate is 5.3% higher than the rest of the US. This indicates there may be seniors who are either living in housing that no longer meets their needs or having to leave their homes to live with family members or in institutional settings.

- Numbers of Seniors Living in Poverty. Additionally, the rate of poverty among those over 65 is 20.1% in Jal and 16.3% in Tatum, compared to a national average of 9.8% and a state average of 13.1%.

Table 33: Rehabilitation Needs Analysis

Program	Incomes Served	Eligible HH	Current Annual Production
Owner-occupied rehab (LCHI), accessibility retrofits	<50%	5,500	4-6
Weatherization	200% of poverty	Approx 4,000	20
Acquisition-Rehab	Up to 120%	Over 14,000	0
Low-cost weatherization, accessibility retrofits	<50%	5,500	0

Current Rehabilitation Programs

Currently, two rehabilitation programs are operating in Lea County, one that provides major rehabilitation and the other that provides more modest energy efficiency retrofits and weatherization. Both are funded by outside sources of funding administered by the NMMFA (a HOME-rehabilitation block grant and Energy$mart, respectively).

Owner-Occupied Rehabilitation. After operating a house-by-house rehabilitation program, LCHI just received its first HOME-funded rehabilitation block grant from the NMMFA. With the block grant in place, the program anticipates serving four to six homeowners per year at a cost of approximately $50,000 per home. Repairs are substantial including: new roofs, foundations, windows, doors, floors, electrical and plumbing systems, as well as space additions. Another rehab loan product funded through the USDA's Rural Housing program provides grants up to $7,000 for seniors below 50% of median income for home rehabilitation.

Weatherization. The Energy$mart Program in Lea County is administered by the Community Action Agency, based in Las Cruces and assists approximately 20 households per year. The program helps participants save money on utility bills by replacing windows, repairing heaters and installing new appliances and ultimately, making their homes more energy efficient.

Homeowners and renters that qualify for the program can receive up to $6,500 in weatherization measures.

Table 25 assumes a continuation of currently funded activities and documents the need for expanding activities to include an acquisition/rehabilitation program and a “low-cost” weatherization program for Lea County. A description of these recommended activities is provided in the Implementation Plan, Recommendation 4.3. As the table illustrates, households eligible for assistance through rehabilitation are far greater than those being served. In fact, even the implementation of new programs won’t meet the documented need but are important to establish for future expansion and to complement new construction and redevelopment activities.

Section V: IMPLEMENTATION PLAN

Overview

Approach

The following planning recommendations are based on a three-fold process. The first step is to analyze relevant data. From Census, BBER and other demographic, economic, and housing data sources, quantifiable data is assembled and analyzed. Interviews with local stakeholders, government officials and service providers provide qualitative data for understanding the local context, capacity and priority related to projecting affordable housing needs. Once the projections are established, an Opportunities and Constraints Analysis is completed and revised based on feedback from the local communities.

For the Lea County Plan, five organizing principles were considered:

- Funding
- Capacity Building
- Program Development
- Real Estate Development
- Regulatory Environment

Each principle is discussed in depth below and serves to shape the subsequent planning recommendations. To ensure that the planning process is meaningful, implementation tasks are provided for each recommendation. Furthermore, the lead agency(ies) and probable funding sources to support each activity are also identified in Table 32: Implementation Matrix.

Summary of Projected Needs

In order to identify projected housing needs, several supply/demand factors are taken into consideration. This plan identifies two types of need: “Catch Up” which considers the current unmet needs and supply deficiencies in the community; and “Keep Up” need which considers job/population growth and projects future demand. The following table summarizes projected housing needs for Lea County, broken down by individual community. It also provides a Five Year Goal for housing production in Lea County. For more detailed analysis of these needs and the basis for the projection numbers, please refer to the Section VI: Individual Community Plans.

Table 34: Summary of Projected Needs/Five-Year Goal

Housing Demand Factors	Target Income	Five-Year Goal				
		County TOTAL	Lovington	Eunice	Jal	Tatum
Catch-Up Demand		**239**	**130**	**44**	**37**	**28**
Emergency Shelter	30-50% AMI	5	5 beds			
Income-Restricted Rental	30-60% AMI	95	50	5	20	20
Moderate-Income Rental	80-120% AMI	19		19		
Overcrowding	30-60% AMI	73	51	10	4	8
Senior Assisted	30-50% AMI	23		10	13	
Senior Independent	30-50% AMI	12	12			
Senior Independent	Market Rate	12	12			
Keep-Up Demand		**112**	**45**	**25**	**17**	**25**
Nor Lea - Rental	80-120% AMI	15	15			
	Market Rate	15	15			
Intercontinental Potash	80-120% AMI	12		4	8	
SunEdison	80%-Mkt Rate	1			1	
URENCO	80%-Mkt Rate	10		0	5	
Eldorado Biofuels	Market Rate	3			3	
Waste Control Specialists	80-120%	21		21		
Public Employees, Workforce and Schools – Rental	80-120% AMI	25	15			10
	Market Rate	10				10
Public Employees, Workforce and Schools – Homeownership	80-120% AMI	0				
	Market Rate	5*				5*
Other Priorities						
Homeownership Units	60-120% AMI	30-36	10-12	10-12	10-12	5*
Rehabilitation**	Various	100 w/ Hobbs	17	6	4	7

**Planned as homeownership, but can also be rental or lease-to-own.*

***Includes all rehabilitation programs discussed on page 94-96. Current programs are working primarily in Hobbs and Lovington where majority of housing stock is located.*

Implementation Plan Matrix

The Implementation Plan Matrix summarizes the recommendations, roles of partner agencies and potential funding sources to support the activities proposed in this plan. For more detail regarding implementation tasks, please refer to the narrative that follows the matrix.

Table 35: Implementation Plan Matrix

	Recommendation	Lead Agency(ies)	Partner Agency(ies)	Priority			Funding	Geographic Focus				
				Immed	Mid-range	Long-term		County	Loving.	Eunice	Jal	Tatum
1 - FUNDING	1.1. Create an affordable housing trust fund for the purposes of funding land and infrastructure donation, seed/administrative funding and providing gap financing to support affordable housing.	Lea County	Municipal Govts	✔			- County funded	✔				
1 - FUNDING	1.2. Investigate, apply for 3rd party funding not currently maximized in Lea County	- Lea County - LCHI	Municipal Govts	✔			See Appendix E	✔				
1 - FUNDING	1.3. Provide administrative funding directly to nonprofit service providers	Lea County	Municipal Govts	✔			- Local general funds - 3rd party sources (see Appendix E)	✔				
1 - FUNDING	1.4. Increase participation of local lenders in provision of subsidized lending products	Local banks, lenders	- LCHI - MFA, FHA, USDA, HUD		✔		- Mortgage $aver/Plus; HERO; Mortgage Booster; Helping Hand; Payment $aver, FHA 203K	✔	✔			
2 - CAPACITY	2.1. Establish LCHI as "central housing entity" for Lea County	- Lea County - LCHI	Municipal Gov'ts	✔			- Local general funds - Fees generated from LCHI development activity, fees - 3rd party sources (Appendix E)	✔				
2 - CAPACITY	2.2. Create a coalition of housing providers, stakeholders, lenders, gov't agencies, and private sector entities that meets regularly to coordinate public outreach, grow customer base and implement recommendations of this plan	LCHI	- Lea County - Municipal Govts - Nonprofits - For-profits		✔		- Private foundations, private fundraising, technical assistance funds (Enterprise, HAC, RCAC, Neighborworks)	✔	✔			
2 - CAPACITY	2.3. Provide technical assistance to improve service models and increase housing production	Lea County	- LCHI - Municipal Govts - Nonprofits - For-profits		✔		- Local general funds - Private foundations/fundraising - Enterprise, HAC, RCAC, Neighborworks	✔				
2 - CAPACITY	2.4. Establish public/private/nonprofit partnerships	- Lea County - LCHI	- Municipal Govts - Nonprofits - For-profits			✔	No outside funding needed	✔	✔	✔	✔	✔
ROGRAMMING	3.1. Expand existing homeownership services and programming	LCHI	- Municipal Govts - Nonprofits - For-profits	✔			- Local general funds - Fees generated from LCHI development activity and/or fees - 3rd party sources (Appendix E)		✔	✔	✔	✔
ROGRAMMING	3.2. Investigate "Self-Help" housing development model	LCHI	- Municipal Govts - Nonprofits - For-profits			✔	- Fees generated from LCHI development activity and/or fees - Private foundations/fundraising - 3rd party sources (Appendix E)				✔	✔

	Recommendation	Lead Agency(ies)	Partner Agency(ies)	Immed	Mid-range	Long-term	Funding Sources	Geographic Emphasis				
								County	Loving	Eunice	Jal	Tatum
PROG. (cont)	3.4. Work with employers to implement employer assisted housing benefit	Private sector employers	- Lea County - Municipal Govts		✔		- Private sector employers - Private foundations/fundraising - 3rd party sources (Appendix E)	✔	✔	✔		
	3.5. Implement fair housing advocacy and outreach program	Lea County	- Nonprofits - Private sector legal community - Municipal Govts			✔	- HUD fair housing funds (FHIP) - Local general funds - Private donation, volunteerism	✔	✔	✔	✔	✔
HSG DEVELOPMENT	4.1. Prioritize proposed development projects that meet the housing needs identified in this plan	Lea County	- LCHI - Municipal Govts	✔			- Lea County Trust Fund - Local CIP funds - Federal, state funds: CDBG	✔	✔	✔	✔	✔
	4.2. Establish real estate development plan for Lea County	- Lea County - Municipal Govts	- LCHI - Nonprofits - Developers	✔		✔	- Federal, state funds: CDBG - Lea County Trust Fund - Private foundations/fundraising	✔				
	4.3. Expand current rehab programs	- Lea County - LCHI	- For-profit builders - Lenders - Municipal Govts	✔			- CDBG - Local grants - Local CIP funds	✔	✔	✔	✔	✔
REGULATORY	5.1. Develop regulatory structure for affordable housing requirement funding mechanism	Lea County	Municipal Govts	✔			No outside funding required	✔				
	5.2. Adopt countywide definition of affordability and determination of benefit	Lea County	Municipal Govts	✔			No outside funding required	✔				

1.0 Funding Recommendations

Opportunities and Constraints

There are several sources of funding that may not be currently accessible in Lea County or at least not used to their maximum benefit. Some funding opportunities, such as MFA-sponsored lending products and construction funding may not be currently maximized by private lenders. Other viable funding sources may not be used at all, such as Community Development Financial Institutions, private foundations, HUD and other federal agencies. This plan proposes which sources are most likely to be viable to fund housing activities in Lea County, to be passed through to nonprofit partners, or to be applied for directly by the nonprofit community. See Appendix E for a detailed list of funding resources.

Figure 9: Opportunities and Constraints - Funding

FUNDING Opportunities	FUNDING Constraints
• Some of the County's public budgets are well funded (Eunice, Lea County) • Publicly-owned land, property, infrastructure is available to support affordable housing efforts • Several private funding institutions are based in Lea County with commitment to funding community development • Lea County State bank, Wells Fargo are MFA-approved lenders (Hobbs, Lovington)	• Third-Party funding sources are difficult to use because of low area median income levels • CDBG allocations do not consider benefits to housing affordability beyond HUD-mandated community benefit • Lea County and its individual communities don't have a dedicated budget line item/funding mechanism in place from which to allocate funds and/or recycle funds to support affordable housing activities • "Boom and Bust" economy makes borrowers wary of taking on risk during "boom" • LCHI lacks the development capital to undertake stand alone housing development activities • Funding for nonprofit operations extremely limited

1.1 Create a housing trust fund to support affordable housing activities in Lea County.

Discussion: One of the most versatile and effective tools for the ongoing support of affordable housing is the creation of a dedicated fund, often referred to as a housing trust fund. This mechanism is vested with a municipality and/or county government and is regulated by a set of specific policies and procedures that both defines the uses of the fund (such as down payment assistance programs, energy efficiency retrofits and infrastructure assistance for affordable housing development) and the solicitation, application and allocation process through which the funds are managed. Lea County has the option to provide a revolving loan fund or other funding mechanism to help the County reach its housing goals and the housing goals of the various communities within Lea County.

This mechanism can also serve as a repository for funds generated from affordable housing activities. For instance, program income from the sale of public land and/or the repayment of a homebuyer subsidy (such as when an assisted buyer sells their home), is repaid into the fund and recycled to the next qualified grantee. With proper structuring, the fund can become a portfolio asset that builds over time and allows the leveraging of other outside resources.

Lea County and/or its individual municipal governments can create this fund through an ordinance that describes the range of eligible uses and a procedure soliciting potential projects. A competitive solicitation process ensures that only the highest performing activities will be funded, increasing the leverage of public resources, as well as the efficiency and innovation of new programs. The fund can also be used to address the gap in third-party funding sources. For instance, tightening underwriting guidelines have increased the closing costs affiliated with FHA loans, a major source of mortgage funding in rural areas. Through a trust fund, the County can assist buyers with cash at closing, that would then be secured through a legal instrument, such as a lien or soft-second mortgage, and eventually repaid into the fund when the buyer sells the home.

Implementation Strategies

- 1.1a Implement "best practices" of publicly controlled affordable housing trust funds to develop a funding model for Lea County. In New Mexico, Albuquerque's Workforce Housing Fund and Santa Fe's Affordable Housing Trust Fund provide examples of affordable housing funding mechanisms allocated by a public entity. Both were started with a "seed" amount and are tied to an ongoing source of revenue (a general obligation bond in Albuquerque and land sales revenue and fees in lieu in Santa Fe) and have a leverage requirement that grantees must meet in order to be eligible to receive funds.

- 1.1b: Create line item for fund in County's budget that is tied to the policies and procedures for allocating the funding (see Recommendation 5.3 for details regarding this regulation). Interviews with Lea County staff and officials indicate that the County is willing to provide public funds to seed the account. The County should consider provisions that require certain funds be repaid so that the County can build a long-term asset, as well as provide a leveraging opportunity to bring in additional funds.

- 1.1c Develop a fund-raising campaign to bring in private donations to the fund. Lea County is home to several very profitable industries. Soliciting small, annual donations from these private sources could provide enough seed funding to build the assets of the fund, as well as increasing community awareness and involvement in affordable housing issues.

1.2 Investigate, apply for 3rd party funding not currently used or maximized in Lea County.

Discussion: There are several sources of funding that may not be currently accessible in Lea County, or at least not used to their maximum benefit. It is not clear the extent to which the services providers in the County coordinate their services or enjoy any efficiencies of scale related to coordinating their services. Because Lea County is considered "rural" there are funding sources that may be available directly from the federal funding agency or nonprofit rather than being passed through the state, either Local Government Division (CDBG); Finance Authority (capital outlay); or the NM Mortgage Finance Authority (all HOME, ESG, MFA programs and other HUD funds).

Implementation Strategies

- 1.2a Identify funds not used or maximized in Lea County and link them to gaps in services needed and the priorities presented in the production plans for the individual communities (see Table 33). For instance, outside of Hobbs, Lea County doesn't have any emergency shelter beds or supported rental units other than public housing. Along with a priority expressed in Lovington for 5 beds to be created, this would indicate an opportunity to use funds geared toward housing the homeless or those at risk of being homeless. These funds may include: ESG, HOME funds, Land Title Trust Funds, Dallas Home Loan Bank Funds.

- 1.2b Direct LCHI or other nonprofit services provider to coordinate funding applications among the private, nonprofit and governmental housing services providers, based loosely on the Continuum of Care model.

- 1.2c Maintain an annual "Sources and Uses Report" for Lea County to report funds used in the County and objectives accomplished. This will be an important planning tool to maximize funding applications and coordinate activities.

1.3 Provide administrative funding directly to nonprofit service providers, such as Lea County Housing Inc.

Discussion: Because most private funders are more inclined to provide project-based funding and federal funding programs tend to support specific project activities, administrative funding is often much more difficult for nonprofits to raise and sustain. Likewise there are aspects of recommendations within this plan that may be fall out of the expertise and administrative capacity at the County and would be best implemented by a nonprofit partner. These activities include income qualification and administrative support of County programs. The County may consider contracts with some of the homeless service providers as well to ensure that access to services is provided outside of Hobbs.

Eventually, organizations should generate a certain portion, if not all, of their own operating revenue based on fees generated through their services but publicly provided funds can be essential to closing interim funding gaps. Also important, public funds can be used to leverage other sources of funding. For instance, the State of Nebraska's Department of Economic Development estimates that $4 is raised for every $1 of guaranteed public investment[1] of CDBG funds. In Los Angeles, the mayor's office is pledging to raise $5 billion based on a $1 billion dollar public investment in its "Housing that Works" campaign.[2] Closer to home, in Santa Fe, the Community Housing Trust estimates that the administrative funding it receives from the City of Santa Fe is leveraged 4:1, so that for every dollar provided by the local jurisdiction, $4 more dollars are raised by the nonprofit from other sources[3].

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[1] State of Nebraska Economic Development, http://www.neded.org/files/crd/2008/CDBG/CDBG07IMPACT_printerspreads.pdf

[2] http://mayor.lacity.org/Issues/Housing/index.htm

[3] Based on interviews with staff from the Housing Trust and the City of Santa Fe, 2011.

Implementation Strategies

- 1.3a Enter into an administrative contract with Lea County Housing, Inc. that has a quantifiable scope of services based on performance measures ("provide homebuyer counseling to # of residents per quarter,") and is clearly related to a quarterly reporting process. Define benchmarks for leveraging outside funds for both housing development and programmatic purposes.

- 1.3b Consider funding other services providers–homeless, very low income rental, supported housing–to ensure that the spectrum of needs are being met in Lea County.

- 1.3c Pursue funds that require matching administrative funds such as HUD counseling funds, and/or private funds.

1.4 Increase volume of MFA and FHA and USDA loan products offered through local lenders.

Discussion: Currently a few lenders in Lea County are certified to provide MFA and FHA loan products. MFA loans can offer below-market rates and be paired be with MFA down payment assistance programs. These loan products also require homebuyer training and education, thus helping to make better-educated and more sustainable homeowners, and a less risky loan portfolio for the lenders. Importantly, participation in the MFA program creates a more engaged lending community while also serving to increase its potential market for clients. Current MFA-approved lenders include: First American Bank (Hobbs); Lea County State Bank (Hobbs); Wells Fargo (Hobbs, Lovington). Similarly, FHA loans are a critical resource for LMI homebuyers, yet only three lenders offer these products and none provide the 203k acquisition rehab loan that could prove a useful resource.

Implementation Strategies

- 1.4a Work with current MFA and FHA lenders to ensure that they are fully maximizing available LMI and first time homebuyer lending products.

- 1.4b Increase the lending-related services that LCHI provides–credit counseling, financial fitness training, acquisition/rehab–in order to develop the pool of potential borrowers in Lea County.

- 1.4c Engage local lenders in local affordable housing planning processes, provision of services and housing development to increase their participation in special lending programs offered by MFA, FHA, and USDA lending products.

2.0 Capacity Building Recommendations

Opportunities and Constraints

While many housing service providers report that they are at the limits of their organizational capacity, more effectiveness could be gained by strategically organizing services and initiatives based on highest need and potential return. Additionally, Lea County, outside of Hobbs, is generally eligible for technical assistance funding through a variety of programs that specialize in serving rural areas and building the capacity of the governmental, nonprofit and private sectors to provide services.

Figure 10: Opportunities and Constraints – Capacity Building

CAPACITY Opportunities	CAPACITY Constraints
• Lea County Housing, Inc. is established entity with motivation to expand services • Private sector willing to partner/donate services, materials (Habitat in Hobbs; high school shop/construction program in Tatum) • Hobbs Habitat has several lots with infrastructure in pipeline for development • “Can do” and “pull yourself up” attitude and desire to “give back” for those who are successful means high levels of community involvement and commitment and potential for donated labor and services	• Lack of strategic direction and coordination between housing providers, LCHI, private developers, County and municipal governments • Under-used funding for partner non-profits and very limited engagement of local banks to finance housing • Very limited construction capacity b/c of low-volume building outside of Hobbs • Very limited public housing authority services in Lea County (all public housing units are based in Lovington; most vouchers are used in Hobbs) • No unified vision for implementing/managing housing affordability goals on county-wide basis

2.1 Establish LCHI as Lea County's "central housing entity."

Discussion: There are several advantages to making LCHI Lea County's "central housing entity" (outside of the city limits of Hobbs). The organization is already a recognized 501c3 and a Community Housing Development Organization (CHDO). These designations are essential for bringing funding, especially housing development funds, into the community, as well as for taking advantage of the nonprofit tax status. It would be redundant to start from scratch setting up a new organization. LCHI's staff has been trained as a HUD-approved homebuyer trainer and has used HOME funds successfully to fund several local rehab projects. Furthermore, a nonprofit can make funding decisions that are not subject to the political process. Finally, LCHI has an established and active board of directors who are motivated and ready to expand the organization's operations.

Implementation Strategies

- 2.1a. Enter into an administrative contract with Lea County Housing, Inc. that has a quantifiable scope of services and is clearly related to a quarterly reporting process.

- 2.1b. Direct LCHI to ensure compliance with Lea County's future affordable housing ordinance for all affordable housing activities related to the New Mexico Affordable Housing Act, including providing income certification and documenting achievement of pricing and rent targets.

- 2.1c. Build relationships with other service providers, private stakeholders and governmental agencies and identify needed technical assistance to be brought into Lea County.

- 2.1d. Seek CHDO administrative funding for administrative and predevelopment costs associated with housing development activities.

2.2 Create a coalition of housing providers, private stakeholders, lenders, and government officials that meets regularly to coordinate public outreach, grow customer base for services, and implement the recommendations of this plan.

Discussion: At the core of the most successful community-scale housing programs is effective collaboration between government, non-profit and private sector partners. More effectiveness could be gained by strategically organizing services and initiatives based on highest need and potential return. Creating a framework for regular meetings between the housing service providers, municipalities, and private sector industries in Lea County would function to better coordinate services, align efforts between agencies, keep policy makers and municipal staff current on needs and development in the affordable housing sector, as well as promote collaboration on funding, service delivery and program development.

Interviews with service providers, realtors, funders, builders and banking industry representatives indicated a desire to improve collaboration and communication among the various interests. Above all, everyone agreed that providing high quality housing in Lea County is a top priority.

Implementation Strategies

- 2.2a. Create a coalition of housing providers, lenders, realtors, builders, employers, and business owners. Probable members include: all nonprofits providing housing-related services (Lea County Housing Inc., Habitat of Hobbs, Humphrey House, Opportunity House, Manna Outreach, etc.); faith-based service providers (Ministerial Alliance, etc.); government agencies (planning/public works staff from Hobbs, Lovington; representatives from Jal, Eunice, Tatum; Lovington Housing Authority; Eastern Regional Housing Authority); Southeastern Homebuilders Association; Hobbs Association of Realtors; representatives from the public school districts; large employers with interest in housing (NorLea hospital, URENCO, etc.); other nonprofit coalitions (Chamber of Commerce representatives from each community, etc.); subsidized rental property/senior apartments management.

- 2.2b. Designate Lea County Housing Inc. as the administrative coordinator of the coalition (developing by-laws; scheduling meetings; taking notes; completing follow up tasks; representing/organizing the Roundtable in outreach efforts).

- 2.2c. Seek capacity-building technical assistance (Enterprise, HAC, RCAC) to maximize public outreach, fundraising, service referrals and collaboration on providing housing services.

2.3 Provide technical assistance to LCHI, nonprofit partners, governmental agencies and private sector stakeholders to

improve service models and increase housing production (emergency shelter, transitional housing, Nor-Lea, Tatum teacherage, employer-assisted housing).

Discussion: Lea County may consider providing or accessing training opportunities for its staff, elected officials, nonprofit partners, and for-profit industry groups. These trainings can focus on improving technical proficiencies, service provision, public outreach, organizational capacity building and fund raising. The overall goal is to increase the community's general knowledge about affordable housing, expand available services and housing opportunities, and to create new housing units. The overarching implementation strategy for this section is to explore low-cost options for receiving technical assistance in Lea County with particular emphasis on organizations that specialize in rural areas.

These organizations include, but are not limited to: Enterprise Community Partners, Rural Community Action Coalition (RCAC), Housing Assistance Council (HAC), NeighborWorks Training Institute, HUD place-based training and E-learning opportunities. These trainings can focus on improving technical proficiencies, service provision, public outreach, organizational capacity building and fund raising. Lea County's role is to research, organize and help leverage funding to provide training resources to staff, elected officials, nonprofit partners, and for-profit industry groups.

Some areas in which Lea County may consider bringing in technical assistance providers include:

- Community needs assessments (RCAC, Enterprise)
- Capacity building, hands-on training, interagency collaboration (Enterprise, RCAC, HAC)
- Green building, energy efficiency retrofits (Enterprise Community Partners "Green Communities", HAC)
- Development financing (Enterprise, RCAC, HAC)
- Procurement of professional services (RCAC, HAC)
- Housing counseling (NeighborWorks, HUD)
- Real estate management (NeighborWorks, HAC)

Implementation Strategies

- 2.3a Conduct community needs analysis to identify gaps in program, development and service capacity. Based on identified needs, tailor technical assistance program with appropriate provider(s) of assistance.

- 2.3b Provide seed funding to bring in technical assistance according to identified priorities.

- 2.3c. Bring technical assistance team to Lea County and design "best practices" approach to providing housing services and building affordable housing that serves a spectrum of housing needs.

2.4 Establish partnerships between private/nonprofit/public funders, housing developers, and statewide/national organizations.

Discussion: While nonprofit service providers can offer a range of necessary services to low and moderate-income homebuyers, private sector businesses can be helpful in leveraging additional services and funding and may be able to carry out certain activities more cost effectively than nonprofits. They often will provide these services free of charge or in the case of housing development, at a limited profit, in exchange for access to potential clients.

Importantly, nonprofits can serve to line up a pipeline of income-qualified "mortgage ready" buyers or renters. Having units presold or leased helps the larger scale builder access predevelopment financing and expand the scope of the final project. Nonprofits are also uniquely situation to spearhead the collaboration among the different partners as well as access sources of funding not available to the private or public sector.

The role of Lea County and its municipal governments is to provide general oversight of the affordable housing efforts and to coordinate resources. Given that all of Lea County's municipal governments are willing to provide publicly owned land and infrastructure, this approach has great potential to jumpstart housing development in the communities outside of Hobbs.

Implementation Strategies

- 2.4a Seek assistance (nonprofit) from private lenders, real estate professionals, legal experts to teach appropriate components homebuyer training classes, provide donations, *pro bono* labor, and other support. This will not only accelerate the creation of a pipeline of prospective homebuyers but also will create the basis for ongoing partnerships between nonprofit and for-profit entities.

- 2.4b Provide incentives (County, municipal governments) to builders such as infrastructure, free or discounted land and free hookups in exchange for commitments to provide housing affordable to buyers and/or renters with low or moderate incomes.

- 2.4c Create a partnership model in which the municipalities and local employers invest revolving resources in their partner nonprofit affordable housing developers. This allows them to share in the equity of project investments, as well as creating independent pools of funding in the community. This funding is not only more flexible than municipal resources, but also governed by strict guidelines and board oversight inherent to the nonprofit structure. Having diversified sources of funding vested in the private sector helps develop a broader range of affordable housing models in the community and helps isolate the risk to affordable housing funding posed by changing political motivations over time.

3.0 Program Development Recommendations

Opportunities and Constraints

While housing-related services are available in Lea County, they are mostly provided through faith-based nonprofits and located in Hobbs for the most part. This plan identifies some of the programmatic needs not being met. One overall need is for collaboration and referral between service providers. While services are being provided effectively in one area of the spectrum of housing need, they are not necessarily linked to the next. For instance, people graduating from shorter-term emergency shelter are not always able to secure stable, affordable long-term rentals, especially if they are in need of ongoing support services. Likewise, some renters in subsidized or income-restricted rental units are not able to transition into market rate rentals because rents are notably higher. Nor are they accessing any financial fitness services to help them become homeowners. Finally, there are several conditions unique to Lea County – predominance of older housing stock; boom and bust economy; lack of high quality rentals in smaller communities – that are not being addressed through current program delivery systems.

Figure 11: Opportunities and Constraints – Program Development

PROGRAMMING Opportunities	PROGRAMMING Constraints
• Municipal governments willing to condemn abandoned properties to provide infill inventory • Private entities are willing to fund neighborhood beautification projects to complement development, redevelopment efforts • Several large scale employers are expanding operations in Lea County and need high quality housing for their workforces • LCHI providing homebuyer training, counseling and administering rehab program • Substandard rental housing is prevalent, only option in smaller communities	• No long-term, transitional housing • No specific housing subsidy programs tailored to Lea County's unique housing market • Lack of housing with supportive services for people with disabilities and the elderly other than units provided by Good Samaritans • Renters, especially Spanish speakers, are vulnerable to abuses from landlords and likely to live in substandard housing • Increasingly stringent mortgaged underwriting standards disproportionately affects low and moderate income homebuyers

3.1 Expand existing homeownership programs.

Discussion: LCHI, through its partnerships with other nonprofits and private stakeholders, is in a position to expand its offering of homebuyer and homeowner services. The organization can offer credit counseling and financial fitness to support potential homebuyers get ready to buy a home, in addition to homebuyer education classes. The organization can assist homebuyers with accessing mortgage lending products, especially for those borrowers with nontraditional incomes, special needs or who are self-employed. Finally, along with the current HOME-funded rehabilitation program, the organization can support existing homeowners with financial fitness training, DIY home repair classes and foreclosure prevention services. Many of the additional educational services could likely be provided by local real estate professionals such as lenders, financial planners, contractors and legal professionals. Many times these services will be offered pro bono in exchange for exposure to the service provider's client base.

Implementation Strategies

- 3.1a. Engage in a strategic planning process with LCHI, its board and potential partners to identify needs and opportunities for expanding the programs offered in Lea County.

- 3.1b. Develop an outreach strategy to grow the organization's customer base and pool of "buyer ready" LMI households.

- 3.1c. Study "best practices" from other CHDOs in the State of New Mexico – Tierra del Sol, Homewise, The Housing Trust – that offer highly effective homebuyer/ownership programs. The organizations have also branched out in related services to diversify their funding base and reach a broader range of customers. For example, Homewise does energy efficiency retrofits/rehabs and promotes the Waterwise program and The Housing Trust provides subsidized rental programs for people with HIV/AIDS and is a successful tax credit developer.

- 3.1d. Define housing need up to 120% AMI. Lea County has a very unique distribution of income, with both very low, and relatively high incomes being the two largest income groups. This inverse bell curve speaks to the need for programs for both very low-income households, but also need for housing services up to 120% of the county median income. Currently there is no capacity or resources to assist these buyers. While above the income level for most state and federal assistance, because of relatively low-income levels in the county, this group may need incentives to enter the housing market. Likewise, this group is prime for accessing market rate homes. With homebuyer counseling, access to special mortgage products and financial mechanisms such as a down payment assistance programs, this group could purchase on the open market without putting pressure on the very limited supply of homes produced through housing development activities, while also providing a revenue stream to support services for the lowest income households. See Appendix B: Lea County Income for a complete recommendation regarding income and pricing limits.

- 3.1e. Create "DIY home repair classes" to teach people how to lower their energy usage and to make low tech improvements to their homes themselves, such as weather stripping, converting to high efficiency fluorescent bulbs, installing programmable thermostats and replacing inefficient appliances.

3.2 Investigate "self-help" housing development model in smaller communities (outside of Hobbs).

Discussion: Because of the relatively low costs of land in Lea County, opportunity exists for new housing development program models. Mutual Self Help housing models assist groups of landowners to develop housing on their property using cooperative work exchanges facilitated by licensed contractors and supported by shared sweat equity. Sweat equity typically represents 65% of the labor for constructing the house, increasing affordability and allowing access for those that would otherwise have no opportunities to purchase adequate housing.

The Hobbs chapter of Habitat for Humanity has operated successfully because it is able to take advantage of land donation from the Maddox Foundation, donated materials from local contractors and free labor supplied by the high school's construction trades program in order to bring housing prices within the reach of lower income homebuyers. However, the Hobbs affiliate is not interested in working outside of Hobbs. In the smaller communities, where existing home prices are much lower than in Hobbs and affordability is not the main obstacle to new home construction, a self-help program would serve to bring construction costs down, bringing the cost of the eventual mortgage on the home to levels more comparable to that of existing properties.

Implementation Strategies

- 3.2a. Design self-help housing program, administered by LCHI, that would access traditional sources of self help housing funding (Sect 502, etc.) as well as develop alternative sources, through private philanthropy and other sources.

- 3.2b. Implement the Hobbs Habitat chapter's model of accessing private donations, low-cost labor and reduced land costs to bring the eventual sales prices of the new homes in line to comparable sales of existing properties in smaller communities where property values are lower and the real estate market is relatively stagnant.

- 3.2c. Extend the self-help model beyond single family homeownership. Several faith-based organizations are in the process of expanding their services to include housing. The self-help model could be applied to the volunteer base affiliated with local churches to bring construction costs down.

3.3 Improve the provision of services across the spectrum of housing needs.

Discussion: Currently, there are several gaps in housing services in Lea County. For example, while several faith-based groups offer emergency, short term assistance, the recipients of their services aren't able to move into a longer term housing situation because in many cases, existing rental housing is either too expensive or the waiting lists for the subsidized units are too long. For many domestic violence victims, this means they return to the homes of their abusers or stay in overcrowded housing situations with friends and family. Other service providers are able to offer mental health counseling and assistance with recovery but don't have any housing options to offer their clients and have to send them to Hobbs for emergency shelter. For residents of the smaller communities, the only housing options offered at all are in the private market. If someone needs additional services, subsidy or accessibility, they must move to Hobbs or Lovington, leaving friends, family and community.

Another gap in services that was noted during the survey of market rentals is that very few larger scale apartment projects accept Section 8 vouchers. This has major implications on the ability of low-income renters to find affordable rental housing. For many residents graduating from more supportive living situations, such as those participating in recovery programs or using short term emergency shelter services, the gap between subsidized rents and prevailing market rents often poses a significant barrier to obtaining long term rental housing, even for those who participate in ERHA's voucher program. As part of the effort to improve the provision of services, outreach to apartment managers and owners should be undertaken with a goal of increasing the number of units available to voucher holders.

Implementation Strategies

- 3.3a. Work with a national technical assistance advisor to assess the need for facilities and services in Lea County serving homeless or those in danger of becoming homeless.

- 3.3b. Strengthen collaboration between the member agencies to maximize referral opportunities and enhance the ability of people to move "up" through the spectrum (i.e. renters becoming homeowners, etc.) or "down" (older people moving into smaller, supported units). In particular, outreach to property managers and owners to increase the number of subsidized and market rate apartment complexes that accept Section 8 vouchers.

- 3.3c. Address the gaps in housing availability through a "housing first" model where shelter is integrated into the programs of all emergency services providers.

- 3.3d. Provide administrative funding from the County's affordable housing trust fund (as recommended in this plan) to support services and/or provide gap financing or leverage additional emergency shelter funds (ESG, CDBG, Supportive Housing Program, Federal Home Loan Bank of Dallas) to support facility construction – specifically the Heart's Desire Recovery Center, the Hobbs Recovery House transitional facilities, and the establishment of a full-service emergency shelter in Lovington.

3.4 Work with employers to implement employer assisted housing benefit, build high quality rental and homeownership units.

Discussion: The development of assisted housing programs presents one of the best opportunities for mobilizing housing resources in Lea County. With several large employers, and a healthy pipeline of future startups and expansions, there is the opportunity to build a program infrastructure for individual homebuyer assistance, affordable rental programs and the development of LMI housing in conjunction with private sector employers in Lea County. Developing an employer assisted housing program achieves many objectives, including attracting employers contemplating relocation to Lea County; providing increased housing opportunities to the residents of Lea County; helping with neighborhood stabilization and revitalization; as well as providing a pipeline of potential clients for Lea County Housing Inc.

Implementation Strategies

- 3.4a. Hire a program coordinator (LCHI or other nonprofit administrator or in-house County staff) to implement an EAH pilot program, including management of program design, outreach, and fundraising.

- 3.4b. Create a working group of Lea County's larger employers and employers with planned expansions, representatives from Lea County school districts, housing specialists from the NMMFA, Lea County Housing, Inc., and a technical assistance provider to create a final program design.

- 3.4c. Conduct a detailed feasibility analysis and resource assessment for a consortium model employer assisted housing program as described in Appendix C.

4.0 Real Estate Development Recommendations

Opportunities and Constraints

Building affordable housing offers the opportunity to create high quality, energy efficient housing. Newly-built housing, whether homeownership or rental housing, is more affordable in the long-term because of lower utility and maintenance costs and for this reason, is often better suited for low and moderate-income households. Housing development also presents the opportunity to both create and leverage subsidy from third party sources. In Lea County, housing development for low and moderate-income households may be financially feasible because of the numerous publicly owned sites and private businesses with land. The challenge will be to create enough momentum around development and rehabilitation activities to put upward pressure on real estate values.

Figure 12: Opportunities and Constraints – Real Estate Development

DEVELOPMENT Opportunities	DEVELOPMENT Constraints
• Publicly-owned lots and infrastructure (Tatum, Eunice, Jal, Hobbs, Lovington) • Tradition of high homeownership rates • Several large scale employers are expanding operations in Lea County and need high quality housing for their workforces • Land costs are moderate and municipal governments are willing to provide infrastructure • Production builders have capacity, track record of building high-quality projects • Retirees choose NM (over TX) b/c low property tax, esp. in smaller communities (Jal, Tatum)	• Low-volume real estate market in smaller communities means comparable sales for existing properties much lower than cost of building new homes • No incentives for private developers to provide affordably-priced housing • Lack of speculative financing for housing development • Gap in perceived market values (sellers think it's worth more; buyers think less) related to boom and bust cycles of economy • No pipeline of "mortgage ready" buyers • Lack of economies of scale in smaller communities makes small-scale development unfeasible • Local builders are limited in capacity

4.1 Prioritize proposed development projects that meet the housing needs identified in this plan.

Discussion: The demand for housing in Lea County has historically been volatile due to the boom and bust cycles associated with oil prices. Future housing projections for Lea County must take this unique situation into account. Lea County is a place where low costs of living and changing employment conditions both enable and force people to relocate. Because temporary construction and fluctuating oil field employment are part of the fabric of the community, housing must be flexible enough to meet changing needs. For this reason, this and other planning documents have recommended that new housing construction focus on rental housing, as this housing type can be adapted to meet the community's changing needs, including those of the workforce, low income residents, seniors and special needs populations.

The housing needs analysis in this plan estimates the number of units needed by target income and tenure based on "Catch Up Demand" (the needs of the existing community) and "Keep Up Demand" (employment growth). The need factors that were considered in this analysis include: age and condition of existing housing stock; rental vacancy rates; incomes; sales prices and rents; and projected job growth. A complete analysis of need is provided in Section VI: Individual Community Plans.

The box at right shows the number of estimated units projected as housing need for the next five years. All but five units to be constructed by the Tatum Municipal Schools trades program are rental units. In Lovington, Eunice and Jal, we also recommend that ten to 12 single-family units be added to the housing inventory, either through infill or partnerships with developers.

Five-Year Housing Goal	
Lovington	170 units
Eunice	68 units
Jal	63 units
Tatum	53 units
Lea County	**355 units**

Implementation Strategies

- 4.1a Initiate use of lower-cost modular housing to kick-start development in the communities outside of Hobbs.

- 4.1b Continue rehabilitation of owner-occupied homes to stabilize real estate values, revitalize communities, and bring up appraisals, in concert with new construction activities.

- 4.1c Increase scope of financial fitness, credit counseling and homebuyer education to create a pipeline of qualified renters and buyers for new affordable housing. This may be accomplished through expanded outreach and public relations activities supported by the County; better collaboration among nonprofit service providers and other governmental entities spearheaded by LCHI (public housing authorities, USDA housing services, subsidized rental complexes); and direct appeal to the private sector funding community.

4.2 Establish a real estate development program for Lea County that determines priorities, maximizes partnership opportunities and achieves affordability criteria.

Discussion: This plan proposes that development activities are pursued using the sites inventory produced in this plan as a basis. See Section VI: Individual Community Plans for an in-depth analysis of the individual sites. In summary, approximately 150 acres are considered appropriate for housing development among the communities of Jal, Eunice, Lovington and Tatum. Given current zoning, at least 375 units, both single- and multi-family could be produced.

Community leaders in Lea County believe that some local builders might be interested in partnering with the County and its municipal governments to build new housing stock, even if it means realizing a limited profit. These individuals, together with non-local developers who have expressed interest in Lea County, represent a pool of potential builders that can be approached through a government solicitation process. Lea County and the municipalities of Jal, Eunice, Lovington and Tatum could contract with a small pool of preferred builders to meet countywide housing needs. By aggregating demand among the various communities and timing development to create economies of scale, it is possible that local and non-local builders can be enticed to build quality affordable housing in Lea County. Modular builders, in particular, provide an attractive option in that they will require fewer local subcontractors to assemble homes on site. Likewise, some local landowners have expressed willingness to donate land or provide land at a discount to further support local development efforts.

Implementation Strategies

- 4.2a Complete feasibility analysis of sites identified in this plan, with emphasis on publicly-owned sites. Work with individual landowners to identify suitable privately held sites.

- 4.2b Initiate community planning and visioning processes for suitable parcels and adapt zoning and land use regulations as needed.

- 4.2c Actively seek third-party funding sources to support projects that meet Lea County's affordability criteria and other community development prerogatives.

- 4.2d Create a pool of "local preference" builders through an RFQ process. Once approved by the County, these builders will seek small-scale development opportunities on a countywide basis that may be aggregated to provide economies of scale.

- 4.2e Work with modular home developers to create affordable housing specific designs that are value engineered and energy efficient. To avoid creating an "institutional" housing type several floor plans should be created and be flexible to easily add additional rooms in the future to accommodate family growth or adapt to other household needs.

4.3 Expand current rehabilitation efforts to include acquisition/rehabilitation and "low-cost" weatherization programs.

Discussion: For several reasons, the rehabilitation, repair and weatherization of existing homes in Lea County is an essential component to an overall development objective of providing more housing. As discussed in earlier sections of this plan, Lea County has not had any new, mass production building outside of Hobbs in recent years. In the smaller communities, real estate values have stagnated as a result, making it economically unfeasible to construct new homes because they can't be sold for what it costs to build them. As Lea County's major employers expand their operations and offer high wage jobs, their employees are hard-pressed to find housing that meets their needs in Lea County's smaller communities. Likewise, lower-income renters and homeowners are often living in homes that don't fully meet their needs because of substandard conditions and disproportionately high energy costs, growing family size and/or disability.

As described in Section IV: Housing Needs Analysis, there are two programs currently operating in Lea County, one that provides major rehabilitation and the other that provides more modest energy efficiency retrofits and weatherization. Both are funded by outside sources of funding administered by the NMMFA (a HOME-rehabilitation block grant and Energy$mart, respectively). Funding for these programs is expected to remain stable so their output is included in five-year goals for housing production. However, because of Lea County's documented high need for rehabilitation, this recommendation identifies two added rehabilitation activities – acquisition/rehabilitation and "low-cost" weatherization.

Acquisition/rehabilitation loans are provided through FHA-approved lenders and are designed to encourage homebuyers to purchase and rehabilitate existing homes. They rely on commercially available lending products that combine first mortgage financing with additional funding for home repairs and upgrades. A single mortgage loan is provided to finance both the acquisition and rehabilitation of the property. The mortgage amount is based on the projected value of the property with the work completed, and is fully insured by HUD. This type of loan product is not income-restricted. Acquisition/rehabilitation loan products include:

1. FHA 203k. This loan product offered through FHA combines permanent financing with up to $35,000 in additional funding for repair and modernization of the home prior to move-in. 203K loans can be used for rehabbing rental properties, with some restrictions. Many lenders have successfully used the program in partnership with state and local housing agencies and nonprofit organizations that manage the rehabilitation process. Section 203(k) loans can be combined with other financial resources, such as HUD's **HOME, HOPE,** and Community Development Block Grant Programs.
2. USDA Rural. The USDA Rural Repair and Rehabilitation Loan and Grant program provides loans of up to $20,000 and grants up to $7,500 for the repair and modernization of existing dwellings for families up to 50% of the area median income. Grants are only available to homeowners over the age of 62 and may only be applied to basic health and safety improvements on the home. But loans and grants can be combined for a total of $27,500 in assistance. The terms of the loan can be extended for as long as 20 years.
3. Fannie Mae Homepath. This program is a special financing opportunity for acquisition of Fannie Mae REO properties. The mortgage loan has low down payment requirements, does not require mortgage insurance and can be paired with a $20,000 rehabilitation loan. Homepath can also be used for investment properties and could potentially serve as a financing mechanism to create higher quality moderately prices rental homes.

"Low-cost" weatherization activities, in which basic services are provided to make homes more energy-efficient can be implemented with a very small investment per home, ranging from $300 to $3,000. Costs can be further reduced through the use of volunteer materials, labor, and self-help assistance. Often these programs are implemented through schools' building trades programs or youth development programs. They require oversight by a licensed contractor and some degree of administration.

Implementation Strategies

- 4.3a. Support existing rehabilitation programs through increased collaboration and assistance with public outreach.

- 4.3b. Consider down payment assistance for acquisition/rehabilitation for LMI buyers and funding for low-cost weatherization as eligible uses for the Lea County Affordable Housing Trust Fund.

- 4.3c. Provide a modest amount of administrative funding and program seed money to LCHI or other service provider to develop and operate a basic acquisition/rehabilitation program with a target goal of closing five loans per year. The objective for the program would be to expand access to these loan products through building partnerships with lenders, creating effective outreach and marketing materials, and providing technical assistance with the mechanics of the process (finding a builder, managing the rehab process, getting prequalified for the loan). Since LCHI operates a homebuyer training program and a rehabilitation program, it is a likely provider of service for this program.

- 4.3d. Provide a modest amount of administrative funding and program seed money to LCHI or other service provider to develop and operate a basic "low-cost" weatherization program with a target goal of completing 20 weatherization projects per year. The objective of this program would be to bring down the costs of rehabilitation activities through partnerships with private sector builders, school-based building trades' programs, community based volunteer groups and private funders.

- 4.3e. Work with individual communities within Lea County to identify properties that could be acquired for little or no cost for the purposes of rehabilitation. Create a database of potential properties. Focus outreach for weatherization activities on eligible households – elderly, disabled, very-low income.

5.0 Regulatory Recommendations

Opportunities and Constraints

In general, the regulatory environment in Lea County does not pose a significant barrier or financial burden on the development of affordable housing. See the Development Feasibility Analysis in Section III: Land Use and Development for an in-depth analysis of development and regulatory constraints. For that reason, this plan addresses the components of the County's affordable housing ordinance and the structuring of its housing trust fund as the major issues needing regulatory revisions and/or adoption. Also see Section VI: Individual Community Plans for specific regulatory circumstances affecting the sites chosen for potential development in the Sites Inventory for each community.

Figure 13: Opportunities and Constraints – Regulatory Environment

REGULATORY Opportunities	REGULATORY Constraints
• Regulation regarding land use, annexation, zoning is not prohibitive and allows for density • No major barriers to production (either through approval delays or regulatory requirements)	• No local standards, regulation in place to regulate income qualification, or demonstration of "substantial public benefit" to qualify for assistance • Outside of Hobbs, all building inspection done by CID so builders dependent on once weekly visit to get inspections, causing delays • Resistance to imposition of new regulation • Lack of county-wide annexation or other land use policy to which affordability requirement can be linked

5.1 Develop policies/procedures for administering affordable housing trust fund mechanism and a competitive process for accessing funds.

Discussion: See narrative for 1.1. Eligible uses for the housing fund should be defined broadly and include the range of housing service needs from homeless through foreclosure prevention and reverse mortgages. The procedures should contain a clear process for updating priorities based on needs assessments and on-the-ground experience. The process for allocating the funds needs to be competitive and transparent and regulated through an established set of procedures. See Attachment C for recommendations related to income qualification. To defray potential political pressure from the Lea County internal framework, a community-based board of volunteers might be established to oversee the process and provide recommendations to the governing body.

Implementation Strategies

- 5.1a. Develop regulation that is tied to affordable housing funding mechanism. The accompanying regulation to the fund must consider: 1) how to "seed" the fund; 2) dedicate ongoing revenue sources (for example: County general funds, percentage of a general obligation bond, repayment of liens, payments-in-lieu of, etc.); 3) identify eligible uses for the fund; 4) define a "qualified grantee" and income levels served by funded activities; 5) establish a basis for allocation (usually an adopted planning document that includes a needs analysis); 6) implement public/advisory component to provide oversight for funding decisions; and 7) determine leverage requirement.

- 5.1b. Submit regulation to the New Mexico Mortgage Finance Authority for approval.

5.2 Adopt a countywide definition/standard of "affordability" and determine appropriate components of affordable housing ordinance.

Discussion: As part of its affordable housing ordinance, the County must establish definitions for housing affordability, including maximum effective sales prices to determine household eligibility for assisted housing programs. While HUD publishes guidelines for 80% of area median income numbers (generally the cutoff for most federal assistance programs) it is also important to have established guidelines for other income categories that may receive other types of assistance. Creating a countywide standard or affordable housing "benefit" ensures efforts to collaborate across jurisdictions and between public and private partners will be made easier.

Several county and municipal jurisdictions in New Mexico impose an affordability requirement in exchange for the benefit conferred upon the proposed project. Interviews in Lovington indicated that in addition to annexing the parcel near Nor-Lea hospital that will provide a benefit to the hospital's proposed residential development, the City is considering annexing a piece of property near Chapparral Park. This may provide an ideal pilot project for implementing an affordability requirement. In other words, in exchange for the benefit of being annexed, the developer (who proposes to use USDA funds) will adhere to the County's affordability requirement as outlined in its affordability ordinance.

Implementation Strategies

- 5.2a. Use Attachment A: "Lea County Income Guidelines" as a basis for determining eligibility in current and future affordable housing programs.

- 5.2b. Determine income mix and define tiers of affordability for both rental and homeownership. Appendix D: Ordinance Recommendations contains an in-depth recommendation and explanation for these tiers. In summary, three tiers are recommended: Tier 1 0-50% AMI; Tier 2 60-80% AMI; Tier 3 80-100% (120% Rental) AMI.

- 5.2c. Determine income certification procedures (tied to clear application processes, documentation requirements etc.) and establish pricing/rent guidelines in relation to area median income.

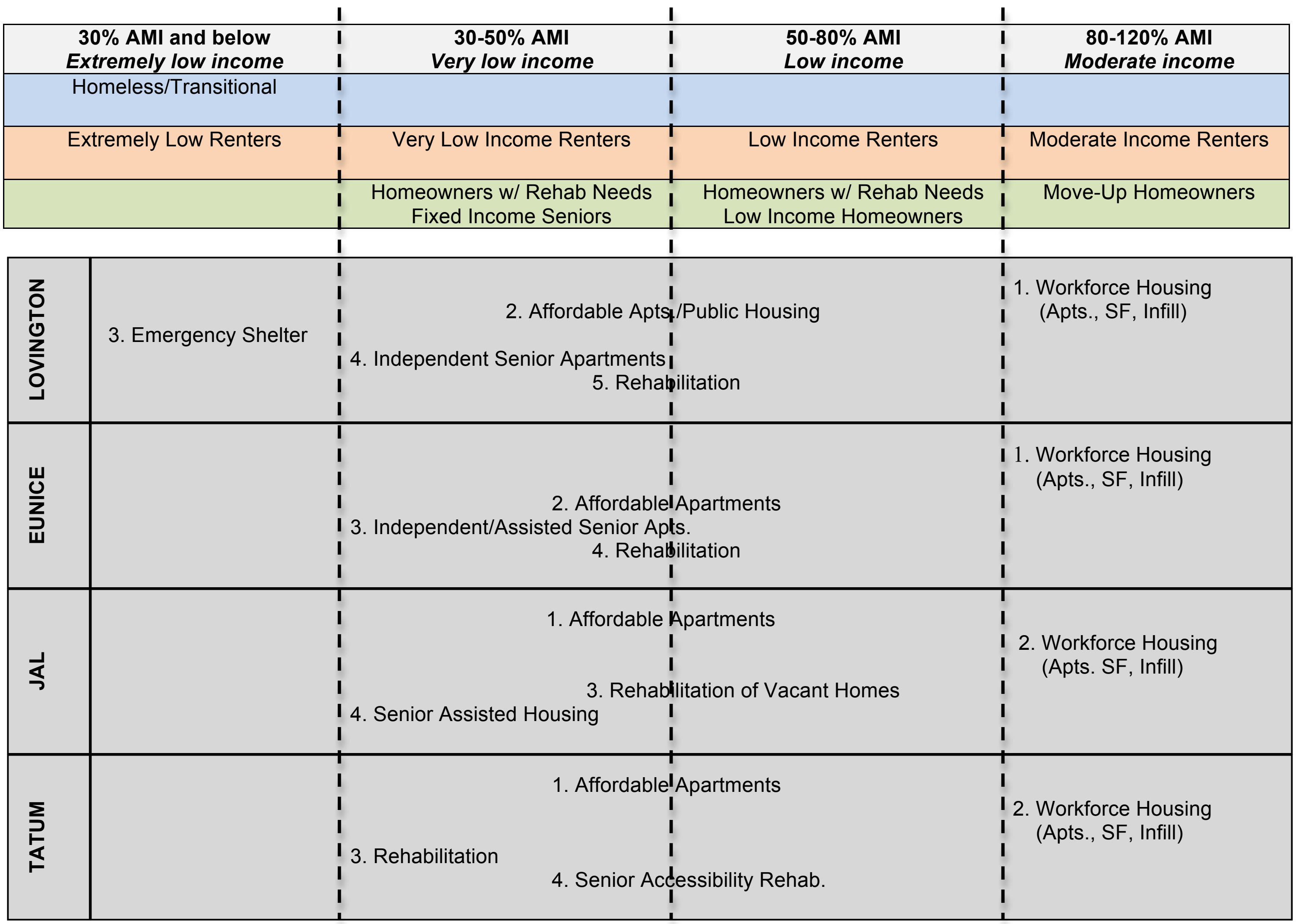
- 5.2d. Direct the County's legal staff to implement methods for securing subsidy through forgivable, perpetual or shared equity liens, as appropriate and to determine the subordination of subsidy mortgages.

Section VI: INDIVIDUAL COMMUNITY PLANS

Overview

This section of the Lea County Affordable Housing Plan includes a mini-plan for each small municipality in Lea County. The mini-plans contain community-specific community profiles and affordability analyses, and are informed by the housing priorities provided by each municipality. The figure below shows these priorities, organized by AMI within the spectrum of housing need.

Figure 14: Community Housing Priorities



In this section, we transform the housing priorities into a housing production plan for each community that estimates the number of units needed over the next five years based on "Catch Up Demand" (the needs of the existing community) and "Keep Up Demand" (employment growth). by considering: In developing the housing production plans, we consider 1) whether or not the need is already being addressed in the marketplace or by housing providers, 2) projects in the pipeline or in the planning stage, and 3) major constraints which may cause a community priority to be met in a new or different way, or which may delay some priorities to future implementation.

Figure 15: Five-Year Housing Goal

Lovington	170 units
Eunice	69 units
Jal	63 units
Tatum	53 units
Lea County	**355 units**

The box at right shows the number of estimated units projected as housing need for the next five years. All but the five units to be constructed by the Tatum Municipal Schools trades program are rental units. In Lovington, Eunice and Jal, we also recommend that ten to 12 single-family units be added to the housing inventory, either through infill or partnerships with developers. Rehabilitation of homes is projected at 17 units in Lovington, six units in Eunice, four units in Jal, and seven units in Tatum, based on the proportional number of housing units in each community. A countywide five-year rehabilitation target of 100 homes including Hobbs is established in Section IV: Housing Needs Analysis, based on the capacity of LCHI's HOME-funded owner-occupied rehab program, MFA's Energy$mart program, and recommended programs for acquisition/rehabilitation and low-cost weatherization. Each of these rehabilitation initiatives is discussed in detail in Section V, pages 93-96.

This Plan's nearly exclusive focus on rental housing is rooted in Lea County's unique employment conditions that drive job and population growth. The demand for housing in Lea County has historically been volatile due to the boom and bust cycles associated with oil prices. Future housing projections for Lea County must take this unique situation into account. Lea County is a place where low costs of living and changing employment conditions both enable and force people to relocate. Because temporary construction and fluctuating oil field employment are part of the fabric of the community, housing must be flexible enough to meet changing needs.

With "new energy economy" employment and a more diverse economic base, Lea County will likely see more stability in its population, housing and growth in the future. Yet as experienced recently with the 2009-2010 decline in oil prices, volatility still remains in roughly 20% of county jobs directly tied to oil production, and thousands of additional jobs in related services and transport activities. For this reason, this and other planning documents have recommended that new housing construction focus on rental housing, as this housing type can be adapted to meet the community's changing needs, including those of the workforce, low income residents, seniors and special needs populations.

Multi-family rental development is well suited for Lea County's current real estate conditions. As explored in other sections of this plan, boom and bust cycles have caused home and land prices to remain frozen in time outside of Hobbs. Home and appraisal values are unusually low--$65,000 to $80,000, for example—for relatively large, brick, ranch style homes. Low valuations have made it nearly impossible for developers to build new homeownership units, as it is unclear that the market would support units priced above the cost of construction. Multi-family construction will help developers realize greater economies of scale, by building numerous units at one time on a single site.

Rental units also fit well within the existing culture of Lea County. Anecdotal information as well as data from the City of Hobbs Housing Needs Assessment indicate that many Lea County residents have high debt ratios associated with car and truck loans and other large disposable purchases. As a result, many would find it difficult to qualify for homeownership, especially in today's tight lending environment.

AFFORDABLE HOUSING PLAN for THE CITY OF LOVINGTON

A Section of the Lea County Affordable Housing Plan

Lovington

Lovington's Chaparral Park

The county seat of Lea County, Lovington is a fast-growing community with a large Hispanic and Spanish-speaking population. Nor-Lea Hospital, one of the community's largest employers, is providing high-paying, skilled jobs in the community, and continues to expand.

However, City officials report that there is very limited housing stock for moderate-income workforce in Lovington. One of the City's highest priorities is to provide housing for Nor-Lea and other local employees, as many are currently living in Hobbs. In addition, a relatively large low-income population, coupled with the lack of new rental development, has created pent-up demand for affordable rental units.

To meet these needs, this plan proposes the development of 170 new rental units in Lovington over the next five years. This consists of 45 units to accommodate job growth and 125 units to meet existing affordable rental demand. Five emergency shelter beds, ten homeownership units, and five home rehabilitations are also recommended.

Table 36: Lovington Population Growth, 2000-2010

Area	2000	2010	Change (No.)	Change (%)	Annual Growth
City of Lovington	9,471	11,009	1,538	16.24%	1.62%
Unincorporated	419	461	42	10.02%	1.00%
Total Lovington	**9,890**	**11,470**	**1,580**	**15.98%**	**1.60%**

Source: 2000 and 2010 US Census

Community Profile

Population Growth. Behind Hobbs, Lovington is the second fastest growing community in Lea County after Hobbs. The 2010 US Census shows a substantial 16% increase in Lovington's population, or an annual growth rate of 1.6% per year. This is substantially higher than BBER's population projection for 2010 of 10,779. To provide a conservative estimate, this report uses BBER's average annual growth rate of 0.92% to provide a population projection of 12,007 for the year 2015. Based on an average household size of 2.66, this is equivalent to 202 new households, or 40 households per year.

Table 37: City of Lovington Households at a Glance	No. of Households
Housing Tenure	
Homeowners	2,541
Renters	1,031
Hispanic Households	
Hispanic/Latino	2,000
Hispanic /Latino Homeowners	1,376
Hispanic/Latino Renters	624
Low Income Hispanic/Latino*	52%
Overcrowded Households*	
Overcrowded	206
Overcrowded Hispanic	196
Senior Households	
Seniors	780
Senior Homeowners	631
Senior Renters	149
Seniors Living Alone	346
Low-Income Seniors*	67%

Source: 2010 Census unless otherwise noted
**US Census Bureau, 2005-2009 American Community Survey 5-Year Estimates.*

Age. The City of Lovington is youngest communities in Lea County, with an average age of 30.6 years and 35% of the population under age 19. Lovington's share of seniors is 11%, consistent with the Lea County average.

Hispanic or Latino Population. Growing 43% over the last ten years and now comprising 64% of the overall population, the City of Lovington has the largest Hispanic/Latino population in Lea County. Reflecting its large Hispanic population, 5.6% of households in the City Lovington are overcrowded. This is slightly higher than the County rate of 5.2%, but lower than the rate in Hobbs and Tatum.

Tenure and Housing Type. Housing characteristics in the City of Lovington are mostly similar to Lea County as a whole. Seventy-one percent of households own their homes and 29% rent. The majority of housing units were constructed between 1950 and 1980, with limited development after 2000. Lovington has a high percentage of single-family dwellings (74%) and two-unit duplexes and townhomes (5%), but very few apartments. Only 2% of housing units are apartments with three units or more. Lovington also has a larger share of mobile homes (19%) than any other community in Lea County.

Substandard Homes and Overcrowding. Lovington has a very low percentage of homes lacking kitchen facilities and no homes lacking plumbing facilities. Six percent of households are overcrowded, and almost all of these are Hispanic or Latino households. However, it should be noted that average household size in Lovington increased from 2.7 persons to 2.9 persons between the 2005-2009 American Community Survey and the 2010 US Census. Therefore, we can expect to see an increase in overcrowded households when new overcrowding data is released. The lack of new housing production over the past ten years likely contributes toward this overcrowding trend.

Housing Units and Vacancies. According to the 2010 Census, 120 new housing units have been built since 2000 in Lovington, and the number of vacant units has decreased by 158. In 2010, 9.7% or 405 housing units in Lovington were reportedly vacant. This is a significant decrease from 2000, when 13.9% or 563 housing units were vacant. In the 2005-2009 American Community Survey, over 85% of Lovington's vacant units were classified as "Other Vacant," indicating that many were substandard properties not suitable for rehabilitation.

Table 38: Lovington Change in Housing Units and Vacant Units, 2000-2010

Housing Units	2000	2010	Change (No.)	Change (%)
City of Lovington	3,823	3,956	133	3.48%
Unincorporated	200	187	-13	-6.50%
Total Lovington	**4,023**	**4,143**	**120**	**2.98%**
Vacant Units	**2000**	**2010**	**Change (No.)**	**Change (%)**
City of Lovington	526	348	-142	-27.00%
Unincorporated	37	57	-16	-43.24%
Total Lovington	**563**	**405**	**-158**	**-28.06%**

Source: 2000 and 2010 US Census

Affordability Analysis

While household and per capita income vary only slightly among Lea County's communities, the City of Lovington has the second lowest income household income ($39,653) and per capita income ($17,684) in the County. The overall poverty rate is also the second highest in the County at 18%, with the highest percentage of working age people in poverty (19%). In the City of Lovington, a higher percentage of households receive social security income, supplemental income, and retirement income than in Lea County as a whole. At 15%, the City of Lovington has a very high percentage of households receiving foods stamp benefits in the last twelve months. The City of Lovington also has the lowest educational attainment of all communities in Lea County, with 40% of the population over age 25 lacking a high school education, and only 10% with advanced degrees.

Despite these statistics, the cost of living is low in the City of Lovington. As in the rest of Lea County, cost and rent burden falls well below state and national averages, consisting of 18% of owners and 34% of renters. Monthly housing costs average $833 per month for owners and $553 per month for renters. In comparison to state and national averages, the percentage of homeowners who own their homes outright is high at 52%, but this rate is lower than in other communities in Lea County.

Based on income categories reported by the US Census 2005-2009 American Community Survey, the number and percentage of households in various Area Median Income categories is shown below for the City of Lovington. Forty-seven percent of households in the City of Lovington can be classified as low-income, with an additional 20% classified as moderate-income. Because the US Census has not released 2010 income data, we have extrapolated the percentages of households for each AMI category to the total number of households in the City of Lovington (3,572) in 2010. This allows us to estimate the current number of households in each AMI category. Based on this methodology, 1,679 households can be classified as low-income and 714 as moderate-income, for a total of 2,393 low to moderate-income households in Lovington. Please note that the 2005-2009 American Community Survey appears to have overestimated the number of households in Eunice, meaning that a slight reduction in overall households occurs in 2010.

Figure 16: Income Distribution by AMI, City of Lovington

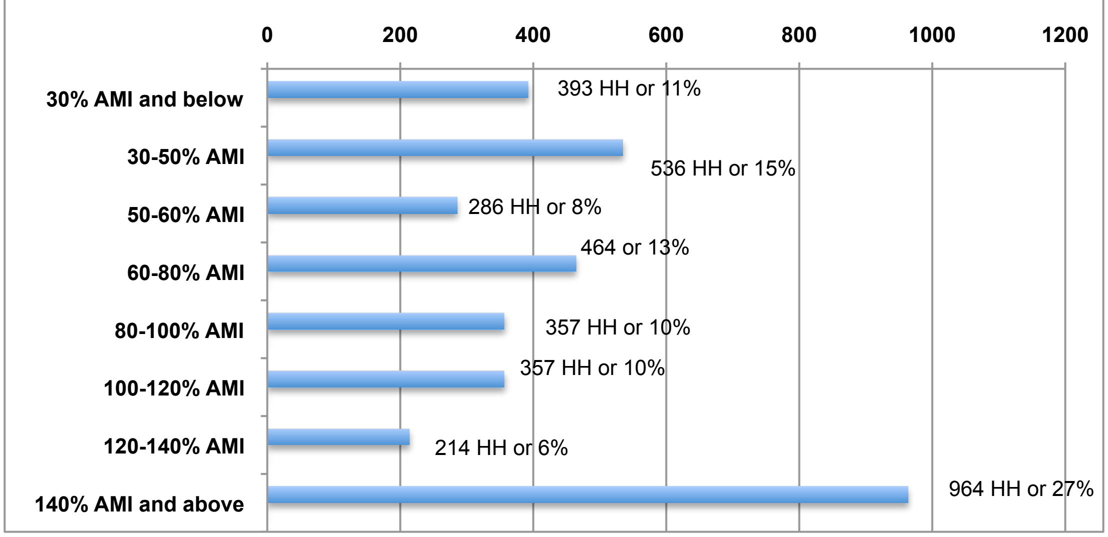


Table 39: City of Lovington Area Median Income Categories

AMI Category	No. of HH Lovington	% of HH Lovington	No. of HH 2010, Est.
30% AMI (Extremely Low Income) *$14,100 and below*	417	11%	393
30-50% AMI (Very Low Income) *$14,101 to $23,600*	557	15%	536
50-80% AMI (Low Income) *$32,601 to $37,700*	762	21%	750
Total Low Income	**1,736**	**47%**	**1,679**
80-120% AMI (Moderate Income) *$37,701 to $56,500*	711	20%	714
Total Low to Moderate Income	**2,447**	**57%**	**2,393**

Source: Households for AMI categories in Figure 16 and Table 39 estimated by Housing Strategy Partners using 2005-2009 American Community Survey data

Homeownership. A March 2011 survey of the Multiple Listing Service revealed 26 single-family homes on the market in Lovington, while a similar search found 19 additional listings. The median price for all 45 homes was $109,950. Twenty-two or half of the homes were priced between $62,000 and $100,000, and would be affordable for households earning 60% AMI or more. Eleven units were priced affordably for households earning 80% AMI, between $100,000 and $150,000, and six homes were priced for moderate-income households, between $150,000 and $200,000.

While having only approximately 20 homes to choose from at any given time is clearly limiting, Lovington does have more housing choices than the other small communities in Lea County. Among the 45 units, 87% are affordable to various low and moderate-income levels, with only six units priced above $200,00 and above the incomes of moderate-income households.

Housing Priorities

Workforce Housing (Apartments).

Workforce housing is a high priority for the City of Lovington. Currently, many employees at the city and the growing Nor-Lea Hospital live in Hobbs. This leakage is primarily attributed to the lack of modern, market rate apartments for the professional workforce. Nor-Lea Hospital is a major Lovington employer that plans to increase its existing job base of 300 by 50 in the next five years. Nor-Lea is increasingly recognized for its high-quality medical care and recently added a 48,000 square foot expansion and a new cancer center. The City and Nor-Lea are focused on providing housing opportunities for both Nor-Lea and city employees, as a primary strategy to keep Lovington vibrant.


Nor Lea Hospital

Nor-Lea plans to assist in the development of new workforce housing through its strategic purchase of 20 acres adjacent to the hospital for future development. Five acres have been set aside for an assisted living facility, and the remaining 15 acres can be used as workforce rental housing. The goal of Nor-Lea's General Manager is to develop 20-30 workforce units in the next five years. The hospital hopes to partner with a development entity for both the assisted living and workforce project. Nor-Lea also recognizes the need for a daycare with flexible hours, as the great majority of its workforce is female and works varied shifts. It is possible to develop the daycare on the hospital's 20-acre site, integrated with the assisted living and workforce components.

Recognizing the need for new housing, the City of Lovington is working closely with Nor-Lea to annex the 20-acre parcel and zone it for multi-family development. In addition to hospital workers, the city hopes to provide housing for police officers, firemen, and teachers at the Nor-Lea site. City employees have starting salaries around \$34,000 and Nor-Lea's employees have average salaries of \$40,000 to \$70,000. Because only households earning between \$34,000 and \$50,000 per year would fall in the range of moderate income households at 80-120% AMI, it is suggested that some market rate units be built to ensure housing availability for higher-income employees. Mixed income developments that integrate market rate and moderate-income housing units are encouraged by HUD, with market rate units helping to subsidize the low to moderately priced units. Also, mixing housing types tends to increase the marketability of the overall project and create a more sustainable neighborhood in the long run.

Workforce Housing (Infill and Single Family Homeownership). Homeownership units are another important mechanism to provide workforce housing. Due to median housing prices above \$100,000 and the fact that homes on the market appear to sell quickly, Lovington is in a better position than the other small municipalities to take on this challenge. Even so, prices are still low in terms of making new single-family development attractive to and profitable for a developer.

Given the availability of some homes at affordable prices and the continued need for rehabilitation of older homes, sales of existing homes, infill on vacant lots and rehabilitation of older homes offer the best immediate options for increasing homeownership opportunities in Lovington. Ideally, vacant units can be rehabilitated and either rented or sold as entry-level, low-cost homeownership units. Infill development can occur through partnerships with developers where the city donates lots and infrastructure, or through individual homeowners building or installing a modular or manufactured home on the infill lot. Rehabilitation and infill will produce two important results. First, they will provide new affordable housing units that are needed in the community. Secondly, they will revitalize community, bring up appraisal values, and substantiate demand for additional units. This will make it easier to garner interest from private developers to build new homes. Another step is the implementation of self-help building programs to maximize values through donations, volunteerism, and sweat equity. In the meantime, it is certainly appropriate for the City of Lovington to explore partnerships with developers, particularly those that represent affordable products such as modular homes, to meet the need for homeownership workforce housing.

Affordable Apartments and Public Housing. Southview Place on Avenue R is Lovington's one restricted rental property. It is a USDA project and contains 48 units. Along with the Lovington Housing Authority, which provides 50 income-restricted units on scattered sites, there are a total of 98 income-restricted rentals in Lovington. Both entities report waiting lists of up to 18 months, and long-term tenants who remain in the units up to ten years. All of these income-restricted rental units are over 30 years old. Lovington's low number of apartments and income-restricted rentals, paired a relatively high percentage (34%) of households earning less than 60% AMI, indicate a need for additional income-restricted apartments.

Southview Place Apartments

Lovington Public Housing

The Lovington Housing Authority is in the visioning process for a proposed 50-unit facility, offering one and four bedroom units. The current inventory consists of 36 2-bedroom and 14-3 bedroom units, and the Housing Authority reports demand for a greater diversity of housing sizes. Interviews with staff indicate that there is high demand for public housing units, with little tenant turnover. None of the current homes meet federal requirements for ADA accessibility; however, the Housing Authority makes accessibility retrofits as needed. A new facility would provide one and four bedroom units as well as fully accessible housing options for those with disabilities, mobility impairments and the elderly.

Emergency Shelter. At the present time, almost all of Lea County's emergency housing and transitional/supportive housing services are provided by faith-based organizations. In Lovington, four providers – the Guidance Center, based in Hobbs; Heart's Desire; the Ministerial Alliance; and the Salvation Auxiliary Committee – are serving the needs of very low-income homeless or those in danger of becoming homeless. The community lacks a designated emergency shelter or transitional housing facility. Those residents seeking emergency shelter have to go to Hobbs, which is not always a realistic option for those in crisis and only works if the Hobbs' shelters have room.

The only units of shelter in the pipeline for Lovington are proposed by Heart's Desire, the recovery program for women and children. According to the director, a hacienda-style Recovery Center/Transitional Housing facility is in the planning stages. Phase 1 will provide five units. Funding is not secured to begin actual predevelopment work, but the organization is in the process of purchasing a piece of property. Funding for Heart's Desire comes from two thrift stores, from which women participating in the Heart's Desire program are also provided clothing and household items.

Senior Housing. The City of Lovington has expressed a need for both subsidized and market rate independent senior apartments. There are currently 76 units reserved for senior housing in Lovington. These include a 24-unit independent living senior complex called Buena Vista, which is operated by Good Samaritan. Fifty percent of the units in this complex are reserved for 30% AMI and below, and three of the units are accessible. Polk Apartments has 52 one-bedroom units reserved for the elderly. Both complexes report zero percent vacancy and waiting lists, indicating that there is demand in this area. All of these senior units are 30 years or older.

Based on feedback from the Buena Vista complex manager, complexes smaller than 48 units are very hard to operate based on cost efficiencies. It is not clear at this juncture that the need for additional senior housing in Lovington would support a new complex of that size. As a result, this plan recommends that new senior housing units be incorporated into new apartment development. For example, a small number of independent, market rate senior units can be programmed at the Nor-Lea site, with the same occurring for income-restricted senior units at a the proposed public housing multi-family site. At the Nor-Lea site, proximity to the hospital would be ideal.

Rehabilitation. Currently, Lovington's rehabilitation needs are met primarily through the private sector, mostly by private landlords. In recent years, the City demolished several homes before running out of funding and used Community Development Block Grant (CDBG) funds for rehabilitation. Rehabilitation of vacant homes can be addressed through rehabilitation or condemnation/demolition/infill mechanisms discussed above under Workforce Housing. Additionally, rehabilitation of occupied homes can occur through Lea County Housing, Inc's rehab program. Lea County Housing, Inc. is expanding its HOME-funded rehabilitation program to Lovington and plans to complete one project in 2011. This will not create new housing inventory in the community, but it will prevent more homes from falling into disrepair and being vacated.

Housing Production Plan

The table and analysis below estimate the number of housing units needed to address housing gaps in Lovington for the current population ("Catch Up Demand") as well as provide housing for future employment growth ("Keep Up Demand"). The analysis is conducted to provide a five-year housing goal, therefore all estimates are made on the basis of the next five years.

Table 40: Housing Production Plan for Lovington

Housing Demand Factors	Target Income	Five-Year Goal (170)
Catch-Up Demand		**125**
Emergency Shelter*	30-50% AMI	5 beds
Income-Restricted Rental	30-60% AMI	50
Overcrowding	30-80% AMI	51
Senior Independent	30-50% AMI	12
Senior Independent	Market Rate	12
Keep-Up Demand		**45**
Nor Lea Workforce	80-120% AMI	15
Nor-Lea Workforce	Market Rate	15
City and Schools WF	80-120% AMI	15
Other Priorities		
Homeownership Units	60-120% AMI	10-12
Rehabilitation	30-50% AMI	85

**Typically, homeless populations fall into this income category; however victims of domestic violence don't always conform to this lowest category (30-50% AMI)*

The analysis recommends that approximately 125 new rental units be constructed to meet existing demand. This includes the 50 income-restricted units in the pipeline with the Lovington Housing Authority, as well as an additional 51 units needed to address 25% of overcrowding. Twenty-four additional senior units are recommended to accommodate demand on current waiting lists. Half of these are income-restricted (30-50% AMI), and could be sited along with the 50 new public housing units. An additional 45 workforce rental units are proposed at the Nor-Lea site at moderate and market-rate pricing. The twelve market-rate senior units are also proposed at this location.

The production plan also calls for 17 units to be rehabilitated through a combination of LCHI's HOME-funded owner-occupied rehab program, MFA's Energy$mart program, and recommended programs for acquisition/rehabilitation and low-cost weatherization. Each of these rehabilitation initiatives is discussed in detail in Section V, pages 93-96. The estimate of 17 units is based on the Lovington area accounting for 16.63% or 4,143 housing units in Lea County, and on a total rehabilitation target of 100 homes for the entire county over five years.

Catch Up Demand: Housing Gaps for the Existing Population

Emergency Shelter. The housing production plan factors in the five beds that Heart's Desire intends to develop for transitional housing.

Income-Restricted Rental Housing. The Lovington Housing Authority is planning to build 50 multi-family units of new public housing. The Housing Authority arrived at the 50-unit estimate based on current waiting lists and known community needs. The number of units proposed is reasonable based on a the relatively large number of low and very low income households in Lovington, the lack of new apartment housing stock, and substantial waiting lists for existing income-restricted units. Currently, of the 1,031 renter households in Lovington, 443 or 43% earn below 60% AMI. Ninety-eight of these households have access to existing income-restricted rentals offered by the housing authority and Southview Place. Fifty new units would provide housing for approximately 15% of the remaining renter households earning 60% AMI and below.

Overcrowding. There are 206 overcrowded housing units in Lovington, 107 of which are owner-occupied and 99 of which are rented. Fifty-one additional units are needed to address overcrowding for 25% of these households. It is recommended that the 51 units be rental units designated for low-income households.

Senior Housing. Twenty-four new units of senior housing are estimated based on waiting lists at existing senior complexes in Lovington. Half of these units are income-restricted for 30-50% AMI, and the other half are market rate. It is not recommended that a separate, new senior complex be constructed in Lovington, as this low number of units (24) would result in operational inefficiencies for a new complex. Rather, it is recommended that the 12 low-income units be sited with the new public housing apartments, and that the market rate units be sited at Nor Lea. In this location, these senior units would provide a pipeline for seniors who will one day need to relocate to Nor Lea's assisted living facility.

Keep Up Demand: Housing Needs Resulting from Employment Growth
Moderate-Income/Market Rate Apartments for Workforce. Lovington's housing production plan includes 30 moderate income/market rate apartments to support the Nor-Lea workforce. It is assumed these will be located on the 15 acres designated for this project adjacent to Nor-Lea Hospital. We believe that 30 units (the high range proposed by Nor-Lea) is a reasonable target. It assumes that 60% of Nor-Lea's 50 new employee households will choose to live in Lovington. An additional 15 units is added to accommodate pent-up workforce housing demand from city and school employees. An additional safety net is that any units not rented can be used as temporary housing for visiting nurses and doctors.

Other Priorities. To round out workforce and entry-level homeownership options, it is recommended that 10-12 single-family homes be added to the housing inventory through infill and/or partnership with a private developer. It is also recommended that one unit per year receive rehabilitation assistance through Lea County Housing, Inc.

Development Sites

The City of Lovington is interested in donating infill lots that it owns for affordable housing development. These lots exist throughout the City, and will need to be inventoried by city or county staff. Initially, however, Lovington has identified a three-acre site on the northwest edge of its corporate limits. Marked “Site A” on the map on the following page, the site is flat, with no terrain

Lovington Site A Facing East

constraints, and is not in the floodplain. Zoning is single-family residential, which would allow 6 single-family units per acre, or a total of 18 units on the site. If multi-family development were planned in this location, rezoning would be required. Water, sewer, gas and electric lines are located in 17th Street to the west of the property. These lines would have

Lovington Site A Facing North

to be extended to connect any new development, but are large enough to accommodate new development without upgrades. The general character of the area is residential, although there is substantial vacant land in the area. Even if the property is rezoned for multi-family housing, a minimum of 6 dwelling units per acre would be appropriate to match the character of surrounding single-family neighborhoods. Higher densities may also be considered by the City of Lovington, particularly if higher densities contribute to the feasibility of a proposed housing development.

Lovington Site B Facing West

Site B on the map is a 20-acre parcel located owned by the Nor-Lea Hospital District, which desires to develop the property as assisted living and workforce housing. This parcel is well situated in respect to proximity to major infrastructure that could easily support new development. It is also immediately adjacent to the hospital, which is convenient for assisted living residents, seniors and hospital workforce. This parcel is flat with no terrain constraints, and is not in the floodplain. The only development constraint is that it needs to be annexed and zoned by the City of Lovington prior to development. Annexation is not expected to be an obstacle, as the City and Hospital District have been working closely on this potential project.

The zoning category “B Multi-Family” should be assigned to this parcel if and when it is annexed. This zoning allows single-family homes, multi-family dwellings and duplexes at a maximum density of 17 units per acre. Because this parcel is adjacent to the hospital and in a commercial area, it can be developed at a density of 8-12 dwelling units per acre and still match the character of the surrounding area. Two-story development would also be appropriate in this location.

Figure 17: FIRM Floodplain Insurance Rate Map for Lea County, NM Panel 955 of 2150 (North Lovington)

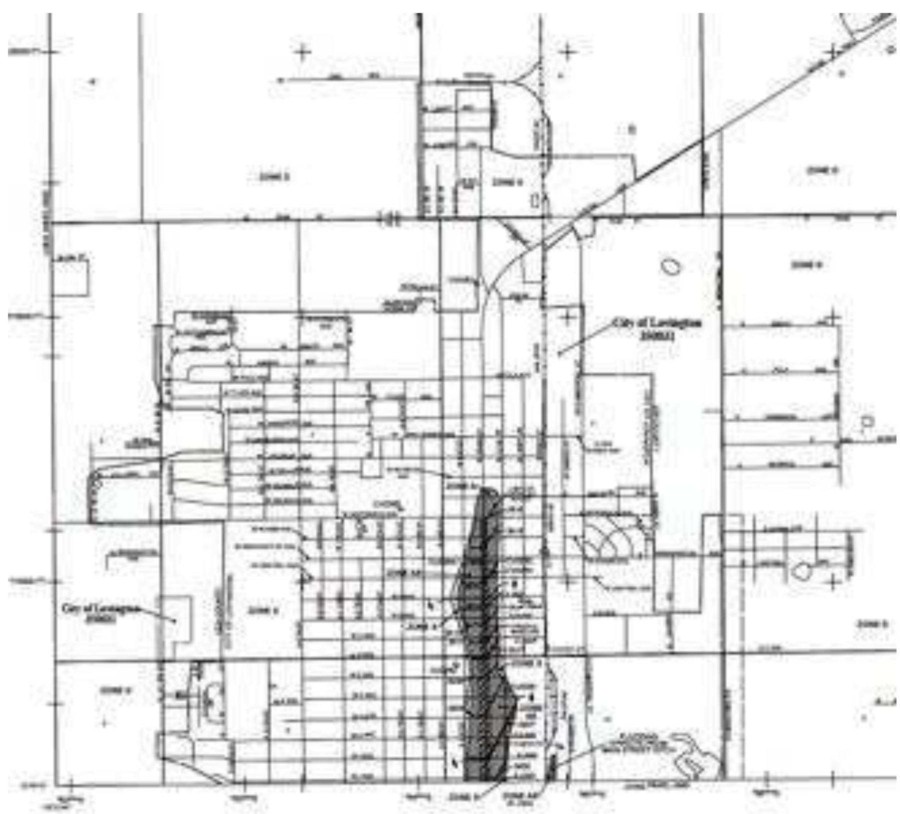
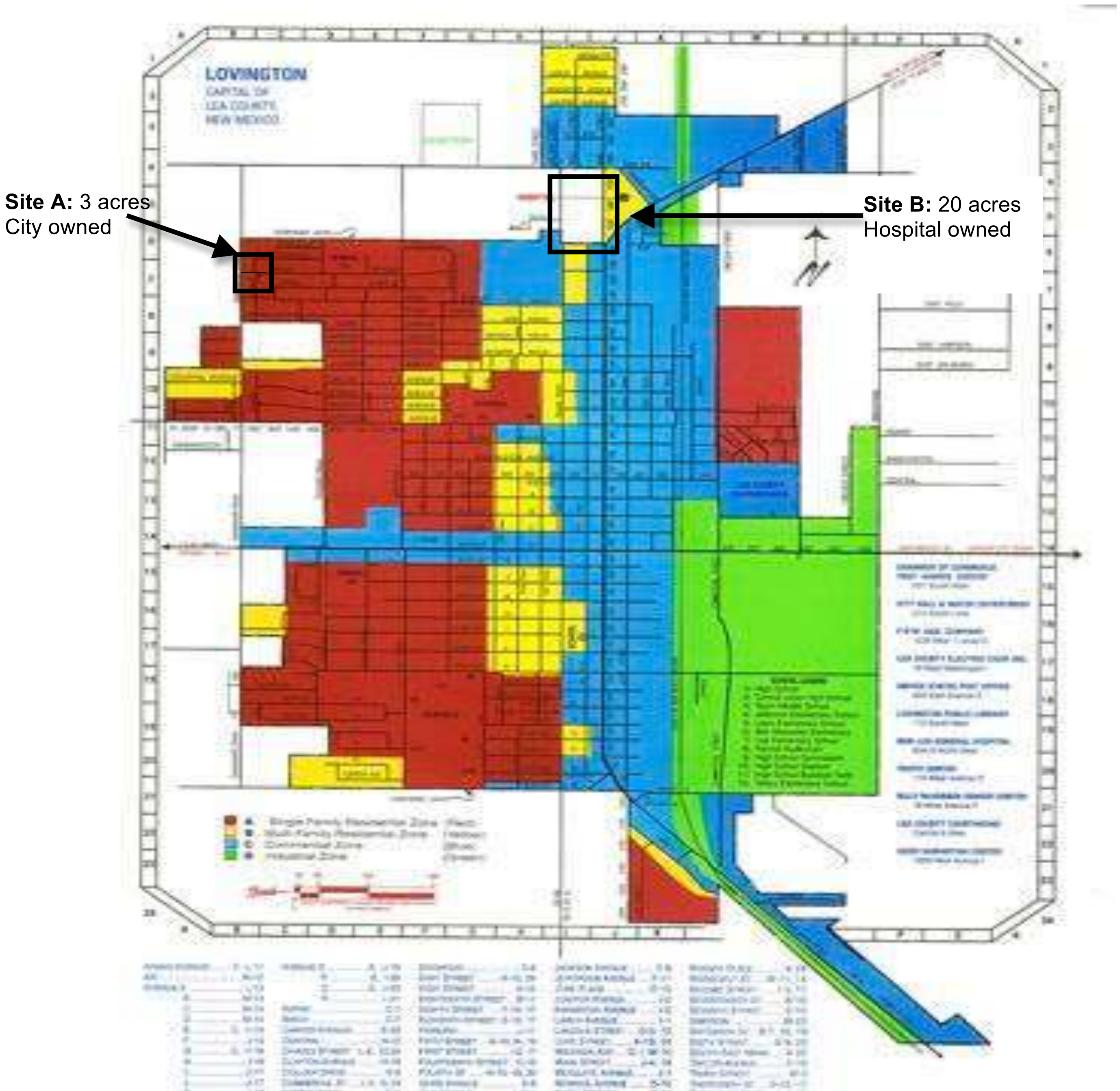


Figure 18: Potential Development Sites in Lovington



AFFORDABLE HOUSING PLAN for THE CITY OF EUNICE

A Section of the Lea County Affordable Housing Plan

Eunice

The City of Eunice has experienced many positive changes over the last decade, and is increasingly becoming Lea County's most prosperous community. Since the 2000 census, incomes have risen at a faster rate than other communities in the county, poverty has fallen, and the working age population has increased. But housing opportunities are extremely limited for the employees of major employers who are contributing to the area, including URENCO, Waste Control Specialists, and Intercontinental Potash Company of Canada.

Over the next five years, this plan recommends that approximately 74 new rental units be constructed in Eunice. This addresses existing and projected workforce demand, as well as accommodates some low-income renters and seniors. Ten homeownership units, and five home rehabilitations are also recommended.

Community Profile

Population Growth. Over the last ten years, the 2010 US Census reports an 11% increase in Eunice's population, or an annual growth rate of 1% per year. This is higher than BBER's population projection for 2010 of 3,114. To provide a conservative estimate, this report uses BBER's average annual growth rate of 0.98% to provide a population projection of 3,376 for the year 2015. Based on an average household size of 2.40, this is equivalent to 65 new households, or 12 households per year.

Table 41: Eunice Population Growth, 2000-2010

Population, 2000-2010	2000	2010	Change (No.)	Change (%)	Annual Growth
City of Eunice	2,562	2,922	360	14.05%	1.41%
Unincorporated	334	298	-36	-10.78%	-1.08%
Total Eunice	**2,896**	**3,220**	324	**11.19%**	**1.12%**

Source: 2000 and 2010 US Census

Age. The City of Eunice has an older median age (33.6 years) than Lea County, but is still younger than state and national averages. Likely as a result of economic development in the area, Eunice's working age population has grown in the past ten years. People 25 to 64 years of age represented 46.5% of the population in 2000, as compared to 51.5% in 2010. At 11%, Eunice has a low number of seniors, consistent with the countywide average. .

Hispanic or Latino Population. The Hispanic or Latino population has grown to 48% over the past ten years, at a rate of 37% over the past ten years. It should be noted that some of the socio-economic differences between Hispanics and non-Hispanics are less prevalent in Eunice than in the rest of the County. For example, the percentage of Hispanics who own homes (75%) is consistent with that of all Eunice residents (78%); median household income for Hispanic households is $44,297, which is higher than the county average; and a lower percentage of Hispanic households are classified as low-income (35%) than Eunice households overall (40%). It should be noted, however, that all overcrowded households in Eunice are occupied by Hispanic/Latino householders.

Table 42: City of Eunice Households at a Glance	No. of Households
Housing Tenure	
Homeowners	835
Renters	238
Hispanic Population	
Hispanic/Latino	424
Hispanic /Latino Homeowners	320
Hispanic/Latino Renters	104
Low Income Hispanic/Latino*	35%
Overcrowding	
Overcrowded	39
Overcrowded Hispanic	39
Seniors	
Seniors	207
Senior Homeowners	183
Senior Renters	24
Seniors Living Alone	95
Low-Income Seniors*	70%

Source: 2010 Census unless otherwise noted
**US Census Bureau, 2005-2009 American Community Survey 5-Year Estimates.*

Tenure and Housing Type. Eunice has a high rate of homeownership, with 78% of households owning their homes and 22% renting. The majority of housing units in Eunice were constructed between 1950 and 1980. A high percentage (74%) of households live in single-family dwellings. The US Census reports several one and two unit attached housing units in Eunice, as well 54 housing units that are part of one or more five-to-nine unit complexes. However, city officials have indicated that apartments are extremely limited in Eunice, with only two or three small groups of rental units, each having four to five units each. As in Lea County, 16% of all housing units in Eunice are mobile homes.

Substandard Homes and Overcrowding. The 2005-2009 American Community Survey reports no homes lacking kitchen facilities in Eunice. About one and a half percent of homes lack plumbing facilities, however, which is higher than state and national averages. Overcrowding in Eunice is reported to be 3%, consistent with the rate in New Mexico and the US. However, it should be noted that average household size in Eunice increased from 2.4 persons to 2.7 persons between the 2005-2009 American Community Survey and the 2010 US Census. Therefore, we can expect to see an increase in overcrowded households when new overcrowding data is released. The lack of new housing production over the past ten years likely contributes toward this overcrowding trend.

Table 43: Change in Housing Units and Vacant Units, 2000-2010

Housing Units	2000	2010	Change (No.)	Change (%)
City of Eunice	1,110	1,264	154	13.87%
Unincorporated	141	138	-3	-2.13%
Total Eunice	**1,251**	**1,402**	**151**	**12.07%**
Vacant Units	**2000**	**2010**	**Change (No.)**	**Change (%)**
City of Eunice	168	191	23	13.69%
Unincorporated	20	17	-3	-15.00%
Total Eunice	**188**	**208**	**20**	**10.64%**

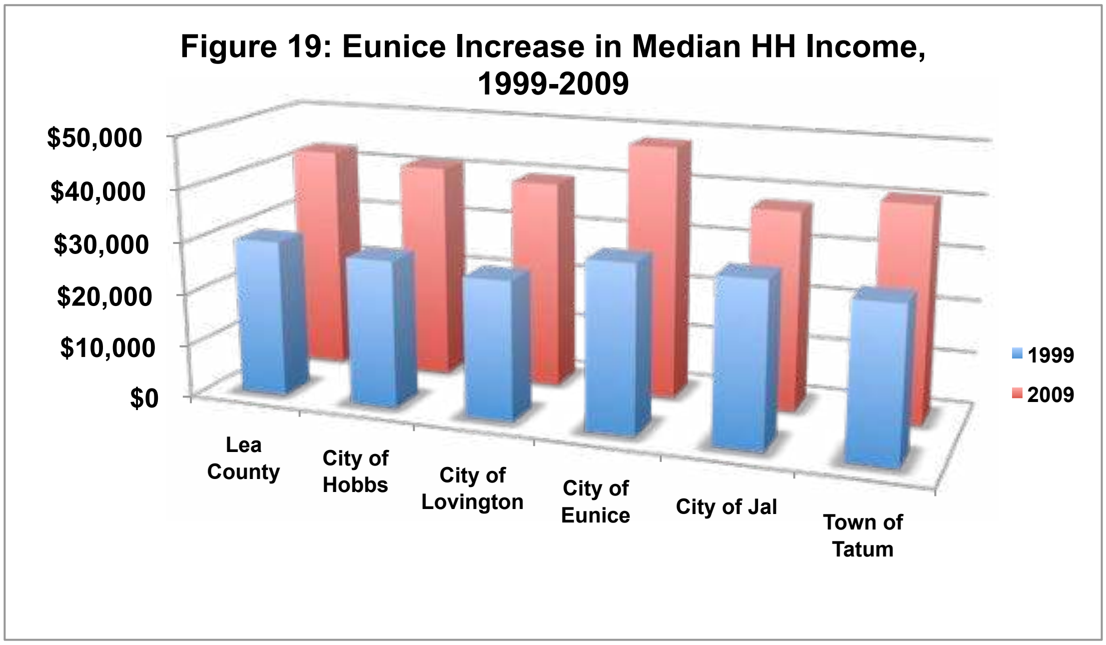
Source: 2000 and 2010 US Census

Housing Units and Vacancies. According to the 2010 Census, about 150 new housing units have been built since 2000 in Eunice, with the number of vacant units increasing by 20. This would result in a vacancy rate of 15.1%, the same rate reported in 2000. City officials do not believe this number is accurate, as approximately 30 substandard homes have been demolished in the past two to three years. In addition, city officials report that many homes have been rehabilitated in recent years, but also acknowledge that more rehabilitation is needed.

Affordability Analysis

By far, the City of Eunice has the highest median household ($48,047) and per capita ($24,803) incomes in Lea County. While Eunice's income levels were the highest in the county in 1999, income has grown faster there than in the other communities. As a result, Eunice is the only community in Lea County whose median household income does not cluster closely around $40,000. City officials report that the City of Eunice can no longer qualifies for USDA grants due to these income levels.

It is not clear that the income levels have risen because of URENCO, since most URENCO employees live in Hobbs and not Eunice. However, half of Waste Control Specialists' 150 employees live in Eunice. Waste Control is located in Andrews, TX, a 30-minute drive from Eunice, and is projecting a major expansion that could double its workforce. It is expected that the new potash mine will create up to an additional 130 jobs, and that housing demand for these employees will increase in both Jal and Eunice.



Source: 2000 US Census and US Census Bureau, 2005-2009 American Community Survey 5-Year Estimates.

Eunice also boasts the second lowest overall poverty rate in the County at 12%, and generally low poverty rates for children (17%) and the working population (13%). No senior households are reported to fall below the federal poverty level in Eunice. Sources of household income include retirement income at 20% and social security income at 19%. No households in Eunice receive cash public assistance, and less than 2% of households receive supplemental security income (SSI). Less than 7% of Eunice households are estimated to have received food stamp benefits in the last 12 months.

Thirty-three percent of Eunice's population over age 25 lacks a high school education, and 12% have a bachelor's degree or higher, an increase from 9% in 2000. Eunice has neither the lowest or highest educational attainment in Lea County, but falls in the middle.

The City of Eunice has the second lowest percentage of cost burdened homeowners (16%) and the lowest percentage of rent burdened renters (18%) in Lea County. Along with Jal and Tatum, Eunice has among the lowest monthly costs for homeowners, at $634 per month. Fifty-nine percent of homeowners do not have a mortgage, meaning that low monthly homeowner costs reflect a large number of households that pay only utilities. Median rent in Eunice is $545, consistent with low rents throughout Lea County.

Based on income categories reported by the US Census 2005-2009 American Community Survey, the number and percentage of households in various Area Median Income categories is shown below for the City of Eunice. Forty percent of households in the City of Eunice can be classified as low-income, with an additional 22% classified as moderate-income. Because the US Census has not released 2010 income data, we have extrapolated the percentages of households for each AMI category to the total number of households in the City of Eunice (1,073) in 2010. This allows us to estimate the current number of households in each AMI category. Based on this methodology, 429 households can be classified as low-income and 236 as moderate-income, for a total of 665 low to moderate-income households in Eunice. Please note that the 2005-2009 American Community Survey appears to have overestimated the number of households in Eunice, meaning that a slight reduction in overall households occurs in 2010.

Figure 20: Income Distribution by AMI, City of Eunice

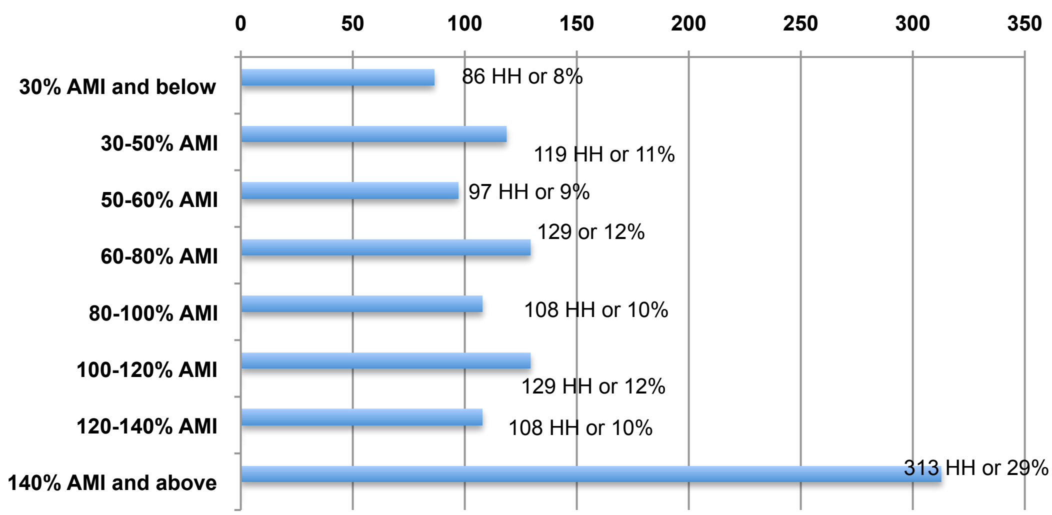


Table 44: City of Eunice Area Median Income Categories

AMI Category	No. of HH Eunice	% of HH Eunice	No. of HH 2010 Est.
30% AMI (Extremely Low Income) *$14,100 and below*	88	8%	86
30-50% AMI (Very Low Income) *$14,101 to $23,600*	122	11%	118
50-80% AMI (Low Income) *$32,601 to $37,700*	239	21%	225
Total Low Income	**449**	**40%**	**429**
80-120% AMI (Moderate Income) *$37,701 to $56,500*	250	22%	236
Total Low to Moderate Income	**699**	**62%**	**665**

Source: Households for AMI categories in Figure 20 and Table 44 estimated by Housing Strategy Partners using 2005-2009 American Community Survey data

Homeownership. A March 2011 survey of the Multiple Listing Service revealed five single-family homes on the market in Eunice. Three of the homes were developed by Unidev, and were priced between $151,950 and $167,500. The frame and stucco Unidev homes are affordable for moderate-income households earning 90% AMI and above, of which there are many in Eunice. The other two homes were built in the brick, ranch-house style that is indicative of and more popular in the area. Priced at $65,000 and $79,900, both were affordable for even very-low income households earning 50% AMI. Surprisingly, except for the highest-priced Unidev home, all of these units remain on the market in August 2011.

Homes for Sale in Eunice

Table 45: Eunice Home Sales Listings

Address	Sales Price	Square Footage	Price per SF	Bed/Bath
1504 Ave S	$167,500	1,900	$88.16	Unknown
1502 Ave S	$156,000	1,716	$90.91	3 BR, 2 BA
1506 Ave S	$151,950	1,638	$92.77	4 BR, 2 BA
1601 18th Street	$79,900	1,951	$40.95	3 BR, 2 BA
1507 16th Street	$65,000	1,136	$57.22	3 BR, 2BA
1600 20th Street	$70,000	unknown	-	3 BR, 1 BA
931 Ave G	$118,000	1,545	$76.38	3 BR, 2 BA

Source: Online Multiple Listing Service search for residential listings in Lea County conducted by Housing Strategy Partners, March 2011 and August 2011

Two additional listings were found in August 2011, with prices of $70,000 and $118,000, respectively. Taken together, the median price of these seven units is $118,000.

Given this analysis, it does not appear that high home prices or low incomes are major obstacles to homeownership in Eunice. It is interesting, however, that given perceived market demand, even low-priced homes are going unsold for months. This may indicate a greater interest and demand for rental housing above homeownership.

Rental. The Eunice Housing Authority operates 20 units of public housing, usually with no vacancy and a waiting list. The wait for family-sized units is usually longer because only six of the units are 2- and 3-bedroom. Interviews with private landlords indicated that demand for market rental units, especially well-maintained ones, is high. Usually, vacancies are immediately filled. Rents range from $500 to $900 per month. Most of these tenants are living in Eunice because of jobs, most especially the LES plant, and have incomes higher than what would qualify them for any rental assistance.

Housing Priorities

Workforce Housing (Apartments, Single Family Homeownership and Infill)

Substantiated by increasing incomes and a growing working age population, Eunice is experiencing great demand for moderately priced and market rate workforce housing. Given the need for rehabilitation and some recent experience with infill development, construction on infill lots offers the best immediate option for increasing workforce housing opportunities in Eunice.

Apartment development represents another feasible approach in that Eunice could develop a mixed-income complex, building both low-income rentals and workforce at a cost-effective scale. Mixed income developments that integrate market rate and low to moderate-income housing units are encouraged by HUD, with market rate units helping to subsidize the low to moderately priced units. Also, mixing housing types tends to increase the marketability of the overall project and create a more sustainable neighborhood in the long run.

The development of new homeownership units is an important mechanism to provide workforce housing. While the City of Eunice has expressed an interest in need for new homeownership units, long listing times and past development experiences call this approach into question. Through a partnership between Unidev and URENCO, three single-family homes were built in Eunice, as a pilot project to demonstrate demand for new homeownership development. It was quickly discovered that these units were priced outside of the range of what was considered reasonable in the Eunice community, despite the fact that incomes appear high enough to support home purchases at this level. Two of the three units remain on the market today. As a result, this plan recommends infill and apartment development as the most immediate strategies for new workforce housing. Over time, increases in appraisal values and new rental development will assist in substantiating the demand for new homeownership units.

Unidev Homes in Eunice

In the meantime, it is certainly appropriate for the City of Eunice to explore partnerships with developers, particularly those that represent affordable products such as modular homes and townhomes, to meet the need for homeownership workforce housing. Eunice has land assets it can bring to bear as a partner for new homeownership development. It owns 40-50 lots with infrastructure that are ready for construction. Fifteen to 20 of these lots are contiguous, falling within a 1.5 block area. Another step is the implementation of self-help building programs to maximize values through donations, volunteerism, and sweat equity.

Affordable Apartments. The US Census reports a total of 54 apartment units in Eunice. Twenty of these are public housing units and the rest are private-market rentals. Low rental cost burden and a lower than average percentage of households under 60% AMI do not indicate demand for new low-income units. In fact, of the 335 renter households in Eunice, only 86 fall below 60% AMI.

There is clearly a need, however, for low to moderate-income workforce housing in Eunice. A mixed-income rental property that provides a small number of income-restricted units along with moderately priced and market rate units could likely be absorbed with new job growth in and around the community. The Eunice Housing Authority reports a need for larger-sized family units, for which there is consistently a waiting list. Therefore, new income-restricted rentals should offer 3 and 4-bedroom options.

Senior Housing. Like Jal and Tatum, Eunice currently provides home health care to seniors who are aging in place in their own homes. The City of Eunice is in planning to convert its old hospital to assisted living and has expressed a need for both assisted and independent senior units. The demand for new senior housing units in Eunice is not known, especially since Eunice has a relatively low percentage of seniors. However, the City views this project as one way to create a new pipeline of single-family homes, as seniors who relocate will either sell their homes or pass them on to children.

It is likely that the need for both assisted and independent senior units can be addressed within a single project—conversion of the old hospital—or by adding reserved senior and accessible units to the new apartment development discussed above. As mentioned earlier, operating efficiencies for multi-family development require a greater number of units than could be siphoned from the 207 senior households in Eunice.

Rehabilitation. In recent years, Eunice rewrote its ordinance on condemnation in order to demolish vacant, absentee owner homes and set up a funding mechanism to purchase the land for infill development. Thirty homes have been demolished through this program, and a community member has rehabilitated ten additional homes. The continuation of condemnation/infill activities by the City, particularly when partnered with private contractors and community members, is one way to create additional housing stock in Eunice that is priced to sell. In addition, Lea County Housing, Inc.'s rehabilitation program can also be utilized in Eunice, for owner-occupied homes. Given the persistence of a high number of vacant units in Eunice as reported by the US Census, stepped up condemnation/infill and rehabilitation activities are certainly a high priority.

Housing Production Plan

The table and analysis below estimates the number of housing units needed to address housing gaps in Eunice for the current population ("Catch Up Demand") as well as provide housing for future employment growth ("Keep Up Demand"). The analysis is conducted to provide a five-year housing goal, therefore all estimates are made on the basis of the next five years.

Table 46: Eunice Housing Production Plan

Housing Demand Factors	Target Income	Five-Year Goal (69)
Catch-Up Demand		**44**
Moderate Income Rental	80-120% AMI	19
Low Income Rental	30-60% AMI	5
Overcrowding	30-120% AMI	10
Senior SRO or Assisted	30-50% AMI	10
Keep-Up Demand		**25**
Waste Control Specialists	80-120%	21
Intercontinental Potash	80-120%	4
Other Priorities		
Homeownership Units	60-120% AMI	10-12
Rehabilitation	30-50% AMI	30

The analysis recommends that 69 new rental units be constructed in Eunice. Cost efficiencies would be improved if all units were constructed as one development. The development should include 19 units to absorb pent-up workforce demand, an additional 25 units for projected employment growth, five units for low-income renters, ten units for seniors, and ten units to address overcrowded households.

In addition, it is recommended that 10-12 single-family homes be added to the housing inventory through condemnation/rehabilitation or partnership with a private developer.

The production plan also calls for six units to be rehabilitated through a combination of LCHI's HOME-funded owner-occupied rehab program, MFA's Energy$mart program, and recommended programs for acquisition/rehabilitation and low-cost weatherization. Each of these rehabilitation initiatives is discussed in detail in Section V, pages 93-96. The estimate of six units is based on the Eunice area accounting for 5.63% or 1,402 housing units in Lea County, and on a total rehabilitation target of 100 homes for the entire county over five years.

Catch Up Demand: Housing Gaps for the Existing Population

Moderate-Income Rental. As indicated in the Community Profile for Eunice, the working age population has grown in the last ten years. If the natural aging of the population is taken out of the equation, US Census figures reflect 62 additional working age persons between 2000 and 2010. This would equate to approximately 31 households, assuming two adults per household. While some limited housing production has occurred in Eunice in the last ten years, it hardly seems adequate to absorb population growth. Therefore, we assume that 19 additional moderately-priced units (60% of the 31 households) are needed in Eunice to absorb pent up workforce demand.

Income-Restricted Rental Housing. While there are not a significant number of low-income households in Eunice, we have projected the need for five additional income-restricted units due to the fact that few apartments and limited income-restricted units exist. These should be built as part of a mixed-income development along with workforce housing.

Overcrowding. There are 39 overcrowded households in Eunice, all of which are owner-occupied. Ten additional units are recommended to address 25% of the overcrowded households. It is recommended that the ten units be rental units designated for low to moderate-income households.

Senior Housing. Eunice has a total of 207 senior households, 70% of which are low-income and almost half (95) of which consist of seniors living alone. We assume that the target market for senior housing would be seniors living alone. If 10% of these households need assisted or Single Room Occupancy housing options, ten senior units would be required. These could be accommodated in the hospital conversion, or built along with a workforce/low-income apartment project. If accommodated through the hospital conversion, the City of Eunice will need to attract additional seniors from other communities to sustain operational levels.

Keep Up Demand: Housing Needs Resulting from Employment Growth

Waste Control Services in Andrews, TX employs 130 workers, half of whom reportedly live in Eunice. Anecdotally, we have heard that WCS is planning a major expansion that could double their workforce to 260. If the current percentage of WCS employees living in Eunice is applied to the expansion, that would add 65 new employees or 43 new households to Eunice. We have conservatively estimated the number of new households needed at 50% of this number or 21 new households.

Intercontinental Potash will be located relatively close to Eunice and expects to add 107-130 permanent jobs in the next five years. The median number of jobs for this range is 119. When divided by 1.5 jobs per household, Intercontinental Potash will add 79 new households to Lea County. It is assumed that Eunice can capture 5% of these households, requiring four additional housing units.

URENCO is a large employer located in Eunice, but currently does not report any employees who live in town. While URENCO has not announced any expansion plans nor can it say how many current employees might move to Eunice, the new units recommended in the production plan will certainly expand local housing options for URENCO employees.

Development Sites

As mentioned earlier in this section, the City of Eunice owns 40-50 infill lots with infrastructure that are ready for construction. Fifteen to 20 of these lots are contiguous, falling within a 1.5 block area. The city originally provided three of these lots to Unidev for the development of three homeownership units. All lots are in the same residential neighborhood bordered by Avenue Q and Avenue T to the south and north, and 19th and 15th Streets to the west and east. All lots are zoned R-2, which allows both single-

Eunice Infill Lots on Eastern Edge

family development at 13 units per acre or multi-family development at 30 units per acre. Adjacent housing is single-family in nature, and therefore new housing could be built at a minimum lower density of 6 units per acre to match neighborhood character. These small lots may need to be re-platted if a multi-family development is pursued in the future.

Water, sewer, gas and electric utilities are in the adjacent streets, as they already service homes in the area. According to Public Work staff, four-inch water and sewer lines on R Street may need to be upgraded to six-inch lines, particularly for multi-family development. The lots are flat, with no terrain issues, and none are in the floodplain. No floodplain map is provided in this section, because the area where the infill sites are located (Panel No. 35025C1660D) is not mapped at this time.

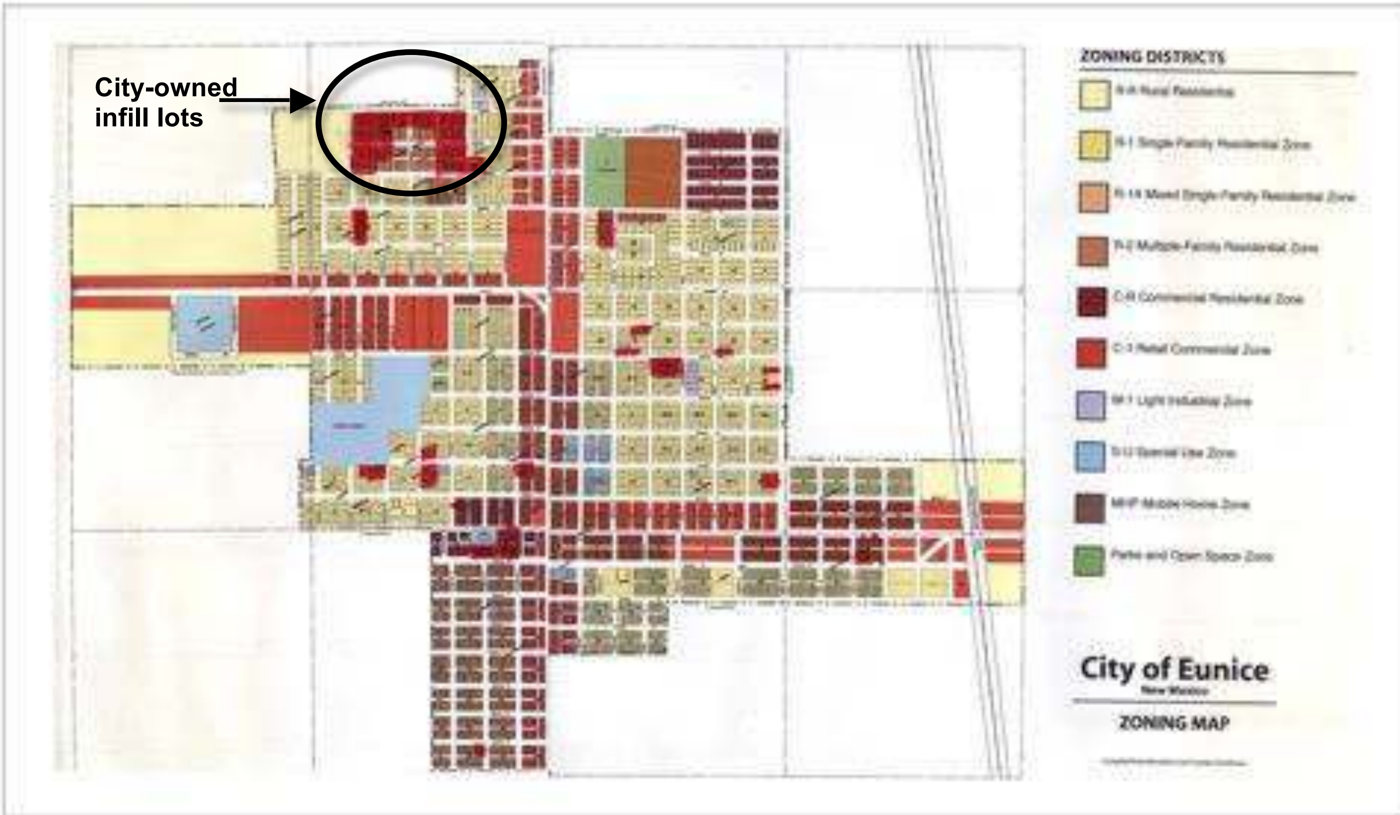
The only potential development barrier on these infill lots is the presence of oil lines and accompanying easements. Upon site inspection, oil line markers were only noted along streets adjacent to the infill lots along the eastern portion of the area, and a gas line marker was located in the middle of one lot. While a 811 utility inspection will be required, given the number of lots available, it is reasonable to assume that many individual lots and several contiguous ones will not have oil lines and easement constraints.

Eunice Infill Lots on Western Edge

In the map on the following page, the City of Eunice has marked all city-owned property in red, on top of the zoning categories. However, the City has specifically identified the indicated infill lots as the most logical for affordable housing development.

Gas Line Marker on an Infill Lot

Figure 21: Potential Development Sites in Eunice



AFFORDABLE HOUSING PLAN for THE CITY OF JAL

A Section of the Lea County Affordable Housing Plan

Jal

Jal lies at the crossroads of southeast New Mexico, within a 20-60 minute drive of Eunice and Hobbs to the north, Kermit and Andrews, TX to the east, and Carlsbad to the west. In this location, Jal is strategically poised to attract new residents from numerous economic development projects that present great potential for Jal to grow through new workers to the area.


Jal Central Business District

But with rental units extremely scarce, home sales nearly non-existent, and new construction impractical, it has been difficult for Jal to capitalize on opportunities for growth. Jal officials and community leaders are working to change this situation through community revitalization and new housing development. In 2010, the City of Jal worked with the Design and Planning Assistance Center (DPAC) at the University of New Mexico on a visioning charette and document that provides a blueprint for Jal's future. The document provides renderings for entry and monument signage, streetscape improvements, a walking trail, an outdoor performing arts pavilion, historical museum, RV park, and senior assisted living. Adaptive reuse of many buildings and Main Street revitalization are also addressed. The document also considers vacant land and homes needing rehabilitation, and provides conceptual designs for rehabilitation and infill housing which reflect the vernacular architecture of the area. The City has also filled a new City Manager position to help drive growth and development in Jal.

Over the next five years, this plan proposes development of a 63-unit, mixed income rental development to address Jal's low-income renter, senior and workforce housing needs. Ten to 12 additional homeownership units are also recommended, if the city is able to create these through condemnation/rehabilitation or partnerships with private developers.

Community Profile

Population Growth. Jal is the only community in Lea County that experienced flat population growth over the past decade. The 2010 US Census reports an increase of 57 people or 0.27%. This is lower than BBER's 2010 population projection for Jal of 2,303. However, because of substantial job growth in and around Jal, as well as proactive local efforts to develop new housing, we use BBER's average annual growth rate of 0.94% instead of the lower rate indicated by the Census. Growing at a rate of 0.94% per year would yield a population of 2,279 for the year 2015. Based on an average household size of 2.30, this is equivalent to 45 new households, or 9 households per year.

Table 47: City of Jal Households at a Glance	**No. of Households**
Housing Tenure	
Homeowners	623
Renters	165
Hispanic Population	
Hispanic/Latino	307
Hispanic /Latino Homeowners	230
Hispanic/Latino Renters	77
Low Income Hispanic/Latino*	57%
Overcrowding*	
Overcrowded	23
Overcrowded Hispanic	19
Seniors	
Seniors	219
Senior Homeowners	201
Senior Renters	18
Seniors Living Alone	75
Low-Income Seniors*	76%

Source: 2010 Census unless otherwise noted
**US Census Bureau, 2005-2009 American Community Survey 5-Year Estimates.*

Table 48: Jal Population Growth, 2000-2010

Area	**2000**	**2010**	**Change (No.)**	**Change (%)**	**Annual Growth**
City of Jal	1,996	2,047	51	2.56%	0.26%
Unincorporated	122	128	6	4.92%	0.49%
Total Jal	**2,118**	**2,175**	57	**2.69%**	**0.27%**

Source: 2000 and 2010 US Census

Age. With a median age of 38.2 years, Jal's population is older than the other communities in Lea County, but only slightly older than New Mexico and the US. Seventeen percent of Jal's population is over 65 years old, compared to 11% in Lea County. Almost all of Jal's senior households are homeowners. While 2010 US Census income data has not been released, 2005-2009 American Community Survey estimates indicate that most senior households are low-income.

Hispanic and Latino. Jal is now nearly half Hispanic and Latino (48%), with 50% of residents classifying themselves as White and not Hispanic or Latino. Hispanics in Jal have increased as a percentage of Jal's population by 17% since 2000, lower than rates of at least 37% in other Lea County communities. While 2010 US Census income data has not been released, 2005-2009 American Community Survey estimates indicate a majority of Hispanic and Latino households are low-income.

The combination of a large senior population and a smaller and slower-growing Hispanic population contribute to Jal's smaller household size and lower rate of overcrowding, discussed below. It also suggests that Jal's existing population will grow at a much slower pace than the rest of Lea County, and that Jal must rely on in-migration to grow its population.

Tenure and Housing Type. At 79%, the City of Jal has the highest homeownership rate in Lea County, with only 21% rental households. Ninety percent of all households live in single-family dwellings. There are also very few mobile homes in Jal. They make up 79 or 8.1% of all housing units, compared to 16% in Lea County and New Mexico.

While the US Census does not report any apartments in Jal, the Woolworth Apartments consists of eight units, and the Hilltop Inn also has 18 units that can be rented on a monthly or long-term basis. *Affordable Rental Market Analysis for Jal* also cites a 62-lot mobile home park with about one-third of the lots occupied by mobile homes and RV units. Most residents in the mobile home park are reported to be construction workers.

Substandard Homes and Overcrowding. Jal has the highest percentage of substandard housing units in Lea County. Over one percent of homes lack kitchen facilities and nearly 2% lack plumbing facilities. This is higher than state and national averages.

The 2005-2009 American Community Survey reports 23 overcrowded households in Jal, and 19 of these are Hispanic or Latino households. The rate for overcrowding in Jal is 2.9%. This is the lowest rate in Lea County and is consistent with state (3.1%) and national (3.0%) averages. Nevertheless, it should be noted that average household size in Jal increased from 2.3 persons to 2.6 persons between the 2005-2009 American Community Survey and the 2010 US Census, and that the 2010 US Census reports over 60 five, six and seven-person households in Jal. Therefore, we can expect to see an increase in overcrowded households when new overcrowding data is released. It can be assumed that the lack of new housing development in Hobbs is contributing to the increase in overcrowded households.

Housing Units and Vacancies. Like in the rest of Lea County, the majority of Jal's housing units were constructed between 1950 and 1980. According to the 2010 Census, about 50 new housing units have been built since 2000, with the number of vacant units decreasing by 5. Notwithstanding the decrease in vacant units, Jal still has the highest vacancy rate in Lea County, 22.2%. This is likely a function of demand, as Jal has a much lower growth rate than the other communities. Based on projected US Census data from 2000 and a physical count of houses, *Affordable Rental Apartments Market Analysis for Jal* estimated that 93 units of vacant housing in Jal were uninhabitable in 2010. Jal's 2004 Comprehensive Plan discusses this issue in more detail, citing population declines during bust periods as the reason for neglect.

Table 49: Jal Change in Housing Units and Vacant Units, 2000-2010

Housing Units	2000	2010	Change (No.)	Change (%)
City of Jal	957	1,009	52	5.43%
Unincorporated	86	81	-5	-5.81%
Total Jal	**1,043**	**1,090**	**47**	**4.51%**
Vacant Units	**2000**	**2010**	**Change (No.)**	**Change (%)**
City of Jal	214	221	7	3.30%
Unincorporated	33	21	-12	-36.36%
Total Jal	**247**	**242**	**-5**	**-2.02%**

Source: 2000 and 2010 US Census

Affordability Analysis

While household and per capita income vary only slightly among Lea County's communities, the City of Jal has the lowest income median household income ($37,794) in the County. The overall poverty rate is the highest in the County at 18%, with comparatively high rates for children and seniors. Consistent with the older population, 41% of households receive social security income and 20.3% receive retirement income. A higher than average percentage of households (6%) receive supplemental security income (SSI). Educational attainment for the population over age 25 is very low in Jal. Thirty-seven percent of people in this age group lack a high school education and only 8.0% have college degrees.

The cost of living is low in Jal. Only 9% of homeowners are cost-burdened, paying an average of $668 in monthly owner costs. Low homeowner costs reflect the fact that 73% of homeowners—many of who are seniors—have paid off their mortgages and are paying only monthly utility costs. The cost burden for renters is 35%, which is slightly higher than the Lea County average, but substantially lower than rental cost burden in New Mexico or the US. Median rent in Jal is estimated at $471 per month.

Based on income categories reported by the US Census 2005-2009 American Community Survey, the number and percentage of households in various Area Median Income categories is shown below for the City of Jal. Forty-seven percent of households in the City of Jal can be classified as low-income, with an additional 22% classified as moderate-income. Because the US Census has not released 2010 income data, we have extrapolated the percentages of households for each AMI category to the total number of households in the City of Jal (788) in 2010. This allows us to estimate the current number of households in each AMI category. Based on this methodology, 9,784 households can be classified as low-income and 4,225 as moderate-income, for a total of 14,009 low to moderate-income households in Jal.

The City of Jal has indicated that income levels might be lower than those reported by the US Census. Jal recently completed a community survey as a requirement of a Community Development Block Grant (CDBG) application, and found that 75% of households were low to moderate income. This would reflect a substantial increase in low to moderate-income households from the 2000 US Census. The most recent US Census income figures (2005-2009) report 69% of Jal households as low to moderate income.

Figure 22: Income Distribution by AMI, City of Jal

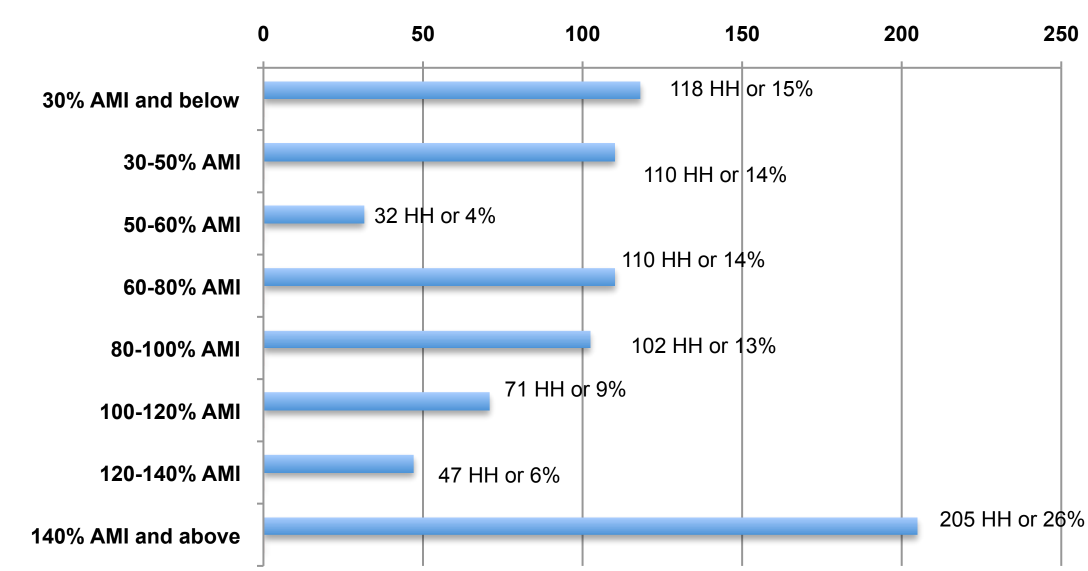


Table 50: City of Jal Area Median Income Categories

AMI Category	No. of Households (2005-2009)	Percent of Households (2005-2009)	No. of Households (2010 Est.)
30% AMI (Extremely Low Income) *$14,100 and below*	117	15%	118
30-50% AMI (Very Low Income) *$14,101 to $23,600*	107	14%	110
50-80% AMI (Low Income) *$32,601 to $37,700*	141	18%	142
Total Low Income	**367**	**47%**	**370**
80-120% AMI (Moderate Income) *$37,701 to $56,500*	167	22%	173
Total Low to Moderate Income	**532**	**69%**	**544**

Source: Households for AMI categories in Figure 22 and Table 50 estimated by Housing Strategy Partners using 2005-2009 American Community Survey data

Homeownership. A March 2011 survey of the Multiple Listing Service (MLS) revealed only one home on the market in Jal. The unit was listed at $80,000 and was 1,915 square feet. An additional review of MSL in August 2011 found that unit still on the market at the same price, along with two others. The additional units were priced at $29,000 for 1,088 square feet and $46,500 for 1,100 square feet.

Affordable Rental Apartments Market Analysis for Jal reports a total of 15 homes sold over the past ten years. From 2000 to 2010, eight homes over $30,000 were sold, with only two units listed as new construction. Excluding outliers, the average home price for these units was $83,443 or $43.41 per square foot with an average home size of 1,922 square feet. Five additional small homes (average size of 1,140 square feet)

Homes for Sale in Jal

sold for less than $20,000 each, with an average price of $15.09 per square foot. These homes that may have been purchased and renovated for rental purposes.[1]

Units priced in line with the 2011 MLS listing and the average home price of $83,443 from *Affordable Rental Apartments Market Analysis for Jal* would be affordable for moderate, low and even very low income households earning 50% AMI or more. Despite low incomes in Jal, such low home sales prices would provide ample homeownership options for local residents *if homes were available for sale*. The limiting factor for homeownership is the fact that there are virtually no homes for sale in Jal.

Table 51: Jal Home Sales Listings

Address	Sales Price	Square Footage	Price per SF	Bed/Bath
530 S 6th Street	$80,000	1,915	$41.78	3 BR, 2 BA
110 S 3rd Street	$29,000	1,088	$26.65	3 BR, 1 BA
614 S 6th Street	$46,500	1,100	$42.27	3 BR, 1 BA

Source: Online Multiple Listing Service search for residential listings in Lea County conducted by Housing Strategy Partners, March 2011 and August 2011

RV and Mobile Home Park in Jal

Rental. It is well documented that there is a dearth of rental housing in Jal, and that there is considerable demand for new rentals from construction workers moving through the area. According to the *Affordable Rental Apartments Market Analysis for Jal*, the 30-year old Woolworth Apartments consists of one, two and three bedroom units that rent for $350, $500 and $600 per month, respectively. Other than private patios on some units and a basketball court, the Woolworth Apartments has no amenities. At the time of analysis, these apartments had no vacancy and reported one to two calls per week with no advertising. Woolworth rents to many construction workers on a Monday through Friday basis. In addition, The Hilltop Inn has one and two bedroom units and prices vary from approximately $59 to $119 per night. The Inn typically has no vacancy and receives approximately six rental inquiries per day.[2]

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[1] Doss, Russ, Lea County Housing, Inc., *Affordable Rental Market Analysis for Jal, NM*, 2010, pp. 30-31.

[2] Doss, Russ, Lea County Housing, Inc., *Affordable Rental Market Analysis for Jal, NM*, 2010, p. 28.

For *Affordable Rental Apartments Market Analysis for Jal*, Russ Doss also interviewed two rental property owners, Mr. Pete Cooper and Mr. Larry Hammons. Mr. Cooper owns two rental homes in Jal, after selling eleven of his original properties. His houses rent for $300 per month for a two-bedroom and $400 per month for a three bedroom. Mr. Hammons owns 25 homes, of which 12 are rented and the rest of which are in disrepair. Mr. Hammons' two and three bedroom homes rent for $250 and $500 per month, respectively. All homes discussed in the analysis are approximately 1,200 square feet and 40-50 years old. Both property owners report receiving numerous calls for rental inquiries, and typically have no vacancies. It appears most renters stay in these rental homes for one to two years.[3]

Woolworth Apartments in Jal

Hilltop Inn in Jal

The 2005-2009 American Community Survey reports that 43% of the renter households in Jal fall below 60% AMI. The rental prices quoted in *Affordable Rental Apartments Market Analysis* for Jal appear to be priced reasonably for these households. As shown in the Affordability Matrix, 30% AMI households can afford monthly housing costs in the $300 range, 40% households in the $400 range, 50% households in the $500 range, and 60% households in the $600 range. While the 2010 US Census reports a 14.5% rental vacancy rate in Jal, it can be assumed that many of these rental properties are difficult to rent because of their poor condition. Similar to the situation with homeownership housing, it is availability of quality rental units, not affordability, which poses the greatest barrier to potential renters.

Housing Priorities

Affordable Apartments. There are currently eight apartment units and approximately 10-20 private market rental homes in Jal. The 18 motel units are not counted in this analysis because they appear to be used as temporary housing rather than as rentals by permanent residents. None of these properties are income-restricted. This low number

[3] Doss, Russ, Lea County Housing, Inc., *Affordable Rental Market Analysis for Jal, NM*, 2010, pp. 27-28.

of rental units, coupled with a high percentage (33%) of households at 60% AMI and below, indicates there is a need for additional low-income rental units in Jal.

Workforce Housing (Apartments, Single Family Homeownership and Infill). There is a need to make workforce housing available for the various economic development projects that have located in and around Jal. If provided together in a mixed-income complex, low-income and workforce units could be built at a cost-effective scale. Mixed income developments that integrate market rate and moderate-income housing units are encouraged by HUD, with market rate units helping to subsidize the low to moderately priced units. Also, mixing housing types tends to increase the marketability of the overall project and create a more sustainable neighborhood in the long run.

Homeownership units are an important mechanism to provide workforce housing. While the City of Jal has expressed an interest and need for new homeownership units, it remains extremely challenging to construct new homes at price points acceptable and affordable to the community. It is important that the city employ a multi-prong approach to meet this need:

1. Continued condemnation and demolition or rehabilitation of vacant, absentee-owner units. Ideally, these vacant units can be rehabilitated and either rented or sold as entry-level, low-cost homeownership units. If the units are in very poor condition, they may need to be demolished. Infill development can occur through partnerships with developers where the city donates infill lots and infrastructure, or through individual homeowners building or installing a modular or mobile home on the infill lot. Rehabilitation and infill will produce two important results. First, they will provide new affordable housing units that are needed in the community. Secondly, they will revitalize community, bring up appraisal values, and substantiate demand for additional units. This will make it easier to garner interest from private developers to build new homes.

2. Develop and implement self-help building programs to maximize values through donations, volunteerism, and sweat equity. This recommendation is described more fully in the Implementation Plan.

3. Continue to explore partnerships with private developers, particularly those that represent affordable products such as modular homes and townhomes. Numerous developers have expressed interest in Jal, and a small number are currently discussing affordable housing projects with the city. However, because this approach relies almost entirely on the will and ability of the developer, the city can do little except offer municipal resources to move a project forward. It may be more likely that a

developer will initiate a project in Jal after demand is substantiated and appraisal values are raised through rehabilitation and infill efforts.

Rehabilitation of Vacant Homes. The City of Jal identified rehabilitation of vacant homes as its third housing priority. This is clearly a high need in Jal, as indicated by the 22.2% of homes which remain vacant. This need can be addressed through condemnation/rehabilitation or condemnation/demolition/infill mechanisms discussed above under Workforce Housing. Additionally, rehabilitation of occupied homes can occur through Lea County Housing, Inc's rehab program. This will not create new housing inventory in the community, but it will prevent more homes from falling into disrepair and being vacated.

Senior Assisted Housing. The City of Jal recognizes that new housing is needed to accommodate its large senior population and this population's changing needs. Most seniors in Jal are low-income, living on social security and fixed retirement income. Because Lea County and New Mexico have very low property taxes in comparison to Texas, seniors cannot afford to leave the community. City officials recognize that senior apartments with single room occupancy (SRO) and assisted living services would provide an alternative for seniors who need to downsize or can no longer care for themselves. The City of Jal has identified city-owned land next to the old Junior High building as ideal for senior housing, as this property is close to the Jal Clinic.

The reasons for seniors staying in Jal are numerous as the community offers substantial support services. Jal has an excellent health clinic with lab and x-ray facilities that offers sliding scale payment, outpatient services, and transportation to other clinics and hospitals within 20 miles. Jal is also home to a dental care clinic, a chiropractor, a massage therapist and a local in-home health care provider (Linmar Home Health Care)[4]. The Woolworth Community Library and Senior Citizen annex is the pride of the community. Built by the Woolworth family, early homesteaders in Jal, and currently operated by its trust, the senior citizen center serves 40-50 meals per day to seniors through the New Mexico Area Agency on Aging program. Senior citizen staff provides transportation for seniors around Jal and to surrounding communities for shopping and field trips.

Housing Production Plan

The table and analysis below estimates the number of housing units needed to address housing gaps in Jal for the current population ("Catch Up Demand") as well as provide housing for future employment growth ("Keep Up Demand"). The analysis is conducted

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[4] Doss, Russ, Lea County Housing, Inc., *Affordable Rental Market Analysis for Jal, NM*, 2010, p. 7.

Table 52: Jal Housing Production Plan

Housing Demand Factors	Target Income	Five-Year Goal (63)
Catch-Up Demand		**33**
Income-Restricted Rental	30-60% AMI	20
Overcrowding	30-80% AMI	5
Senior Assisted	30-50% AMI	8
Keep-Up Demand		**30**
Intercontinental Potash	80-120% AMI	8
SunEdison	80-120% AMI	1
URENCO	Market Rate	5
Eldorado Biofuels	80-120% AMI	16
Other Priorities		
Homeownership Units	60-120% AMI	10-12
Rehabilitation	30-50% AMI	20

to provide a five-year housing goal, therefore all estimates are made on the basis of the next five years.

The analysis recommends that approximately 68 new rental units be constructed in Jal. Cost efficiencies would be improved if all units were constructed as one development. The development should include 20 units affordable to households at 30-60% AMI, five low-income units to address 25% of overcrowding, and 13 accessible units reserved for seniors at 30-50% AMI. The remaining 30 workforce units should be predominantly moderate-income units (80-120% AMI) with five market-rate units included. If demand is not absorbed immediately, these units can be used to provide temporary housing for construction workers who frequently seek housing in Jal. The various economic development projects listed below are expected to create hundreds of construction jobs during the start up phase, for which housing is needed. However, this plan cautions against building new housing specifically for the temporary construction workforce, as these workers will eventually leave the community and could contribute to a new bust cycle in Jal.

In addition, it is recommended that 10-12 single-family homes be added to the housing inventory through condemnation/rehabilitation or partnership with a private developer.

The production plan also calls for four units to be rehabilitated through a combination of LCHI's HOME-funded owner-occupied rehab program, MFA's Energy$mart program, and recommended programs for acquisition/rehabilitation and low-cost weatherization. Each of these rehabilitation initiatives is discussed in detail in Section V, pages 93-96. The estimate of four units is based on the Jal area accounting for 4.37% or 1,090 housing units in Lea County, and on a total rehabilitation target of 100 homes for the entire county over five years.

Catch Up Demand: Housing Gaps for the Existing Population

Income-Restricted Rental Housing. Based on the high number of cost-burdened renter households (42 or 35%) according to the 2005-2009 American Community Survey, the low number of apartments (8), and a relatively high number of renter households at 60% AMI and below (71 or 43%), it is estimated that 20 additional income-restricted rental units are needed in the next five years. This would address the needs of roughly half of the cost-burdened renter households, and would provide new housing opportunities for approximately one-fourth of the renter households earning 60% AMI and below.

Overcrowding. There are 23 overcrowded households in Jal, 19 of which are owner-occupied. Five additional units are recommended to address 25% of the overcrowded households. It is recommended that the five units be rental units designated for low-income households.

Senior Housing. Seventy-five or 35% of the senior households in Jal are comprised of seniors living alone. This is the target market for Single Room Occupancy assisted units proposed by the City of Jal. Assuming that 10% of these households will need assisted housing within the next five years, eight senior assisted units are recommended.

Keep Up Demand: Housing Needs Resulting from Employment Growth

Intercontinental Potash will be most closely located to Jal and expects to add 107-130 permanent jobs in the next five years. The median number of jobs for this range is 119. When divided by 1.5 jobs per household, Intercontinental Potash will add 79 new households to Lea County. It is assumed that the City of Jal can capture 10% of these households, requiring eight additional housing units.

SunEdison and Southwestern Public Service (SPS) plan to create 15-20 new permanent jobs over the next five years, with two solar arrays located close to Jal. The median number of jobs for this range is 18. When divided by 1.5 jobs per household, SunEdison will add 12 households to Lea County. It is assumed that the City of Jal can capture 10% of these households, requiring one additional housing unit.

URENCO Warehousing/Office Space at Old Junior High Building is expected to create 30 new permanent jobs in Jal. Assuming 1.5 jobs per household, URENCO will add 20 new households. Because these jobs are based in Jal, It is assumed that the City of Jal can capture 25% of these households, requiring five additional housing units.

Eldorado Biofuels is expected to create 40 new jobs in Jal over the next five years. This will add 27 new households to the community, assuming 1.5 jobs per household. Because these jobs are based in Jal and Eldorado Biofuels has expressed interest in employer assisted housing, it is assumed that the City of Jal can capture 60% of these households, requiring 16 units.

Development Sites

The City of Jal has identified three sizable parcels for affordable housing development. Sites A and B are immediately adjacent to the Old Junior High building located on Wyoming and 9th Streets. Site A is approximately five acres and is owned by the City of Jal. Site B is ten acres and is owned by a private property owner who is willing to either donate or sell the land at a very low cost. Site C is a larger twenty-five acre parcel that is owned by the City of Jal and is immediately across the street from the lake and park. At all of these locations, water, sewer, gas and electric line infrastructure is available in adjacent streets and would need to be extended to serve individual homes or apartments. No terrain issues or oil line markers were noted at any of the sites

Table 53: Jal Development Factors	Site A	Site B	Site C
1. No land cost	x		x
2. Utility infrastructure available	x	x	x
3. Not in floodplain	x	x	
4. Proper zoning	x	x	
5. No oil lines noted	x	x	x

Table 51 above documents the development factors and constraints at the three sites. Sites A and B have almost no development constraints. Both have B-1 Ranch District zoning which allows single-family development at 7 units per acre, duplexes at 14 units per acre and multi-family dwellings at 24 units per acre. A minimum density of 6 dwelling units per acre would match the single-family nature of Jal and surrounding neighborhoods; however, higher densities may also be considered, particularly if they contribute to the feasibility of a proposed housing development.

Old Junior High Building in Jal

Site A from Continental Road Facing North

Neither site is in the floodplain and both are flat with infrastructure available in the street. The Old Junior High building is adjacent to both sites and will undergo restoration in the next year. The building will be used as a warehouse/office space for URENCO, and potentially as a manufacturing facility for a modular home builder. The City of Jal has already obtained Community Development Block Grant funding to pave Continental

Road, which runs north/south between the two properties. Both Sites A and B lie near the outskirts of Jal, and adjacent property is either vacant or developed with single-family homes.

Site C contains approximately 40-6,000 square foot lots and eight half-acre sites. The area is very attractive for residential development because it is immediately adjacent to the city park and lake. Sidewalks exist in the area and, as depicted in the UNM Design and Planning Assistance Center (DPAC) document, the City has applied for funding for a walking trail that would connect this site to the Central Business District and other areas of Jal. While the wastewater treatment plant is in close proximity, it was not visible from the site and no odors were noted. Existing development is single-family residential. City water and sewer are located in the street, and an additional sewer line also runs north/south through the center of the property.


Site B Facing South

There are two development constraints at Site C, however, which may make it more attractive for a later phase of development. First, all lots on the site are zoned A Residential, which permits only single-family dwellings at a density of 7 units per acre. If multi-family development is pursued, the site would need to be re-platted and rezoned as B Residential, which allows duplexes and multi-family dwellings. Despite the higher densities allowed in the B Residential zoning category, development at a minimum lower density of 6 units per acre would be match the character of adjacent neighborhoods and the nearby lake and park. We do not consider annexation and rezoning to be major constraints, however, as the City is very motivated to assist with affordable housing and could easily rezone the property.


Site C Facing North

A more significant constraint is that the entire site is in the floodplain. The City would need to mitigate the floodplain and apply for and obtain a Letter of Map Revision (LOMR) before development. Engineering consultants believe that drainage plans for the proposed walking trail would mitigate drainage on this site. However, it will take at least one year to file and obtain the LOMR from FEMA.

Figure 23: Potential Development Sites in Jal

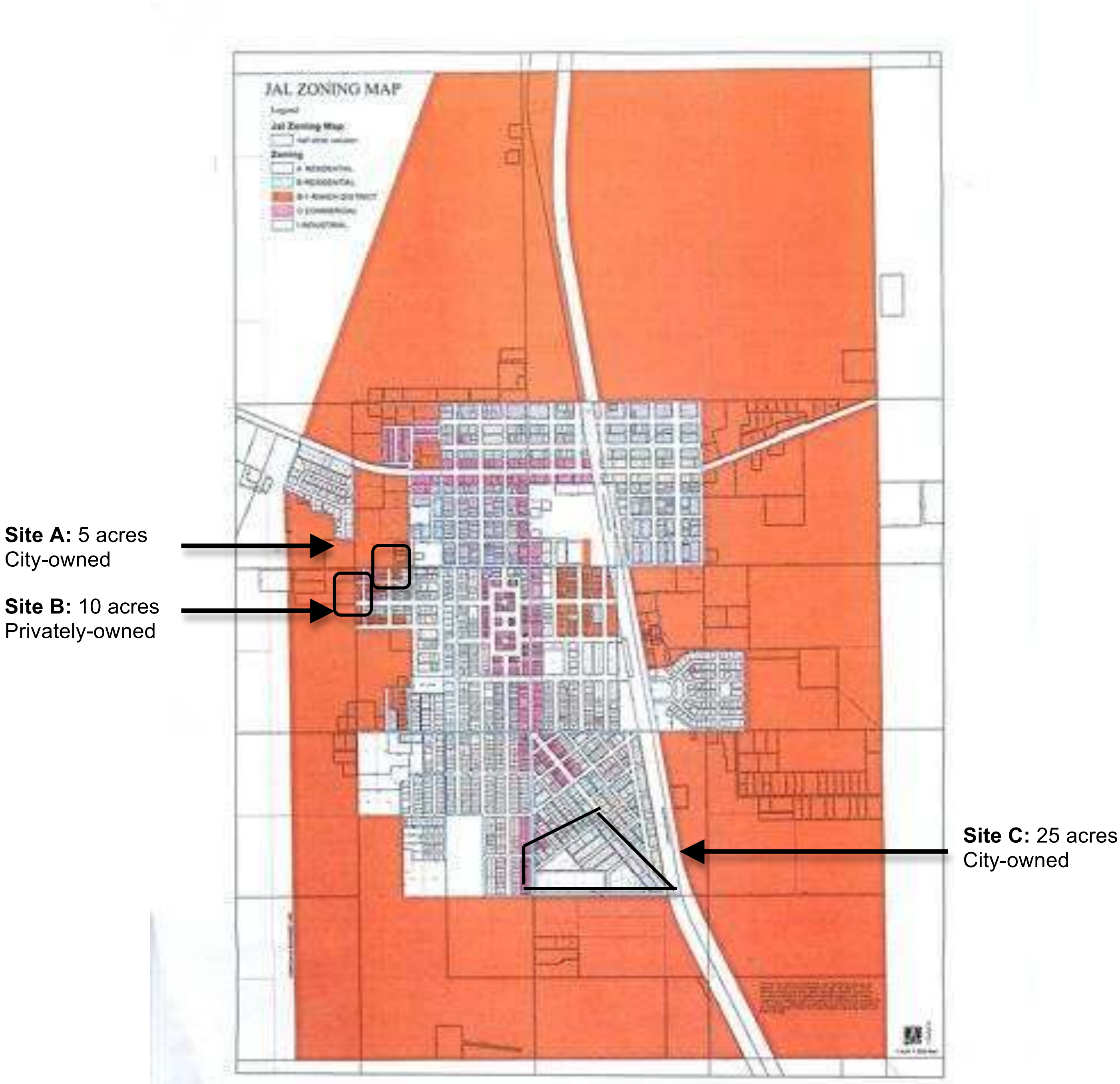
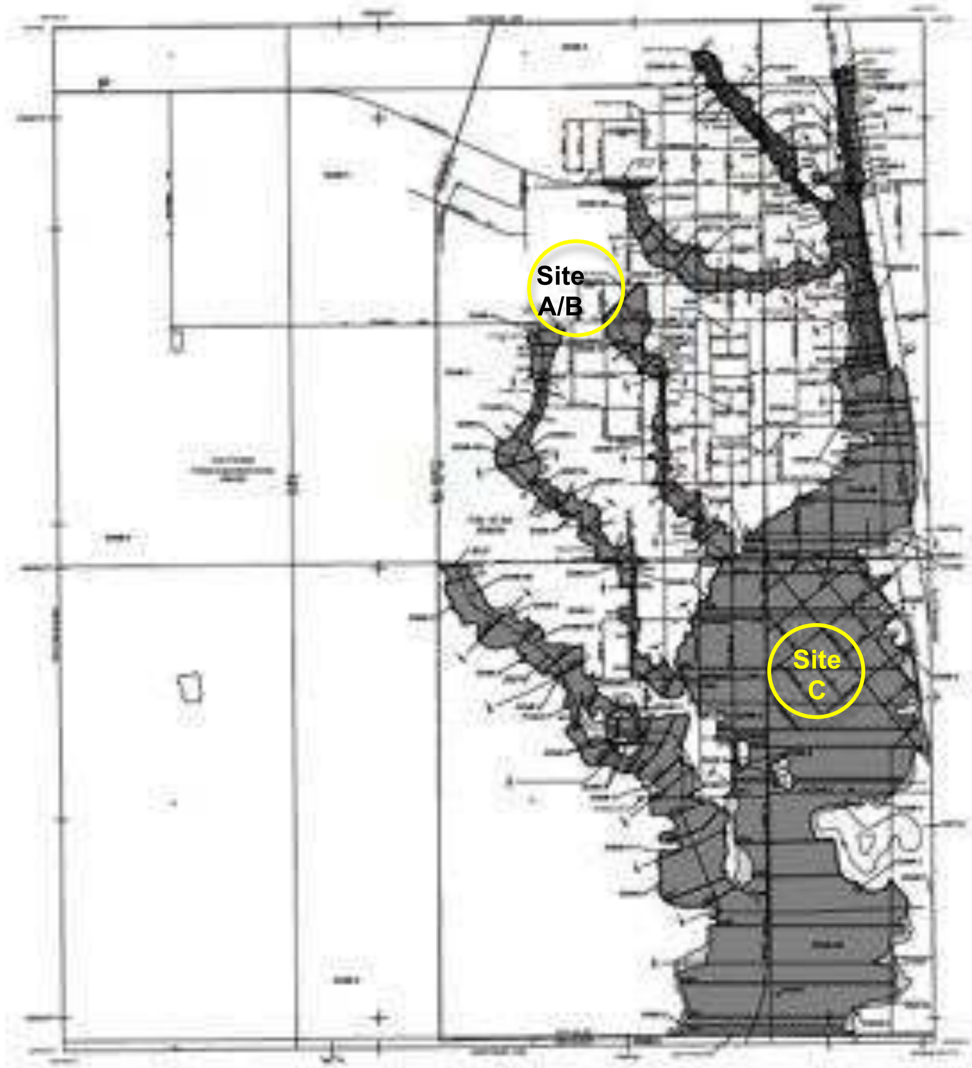


Figure 24: FIRM Floodplain Insurance Rate Map for Lea County, NM Panel 2102 of 2150 (Jal)



AFFORDABLE HOUSING PLAN for THE TOWN OF TATUM

A Section of the Lea County Affordable Housing Plan

Tatum

The Town of Tatum is the northernmost community in Lea County, and lies on US 380 halfway between Lubbock, TX and Ruidoso, NM, a major vacation destination for Texas residents. Tatum is a very small town, but is surrounded by a large unincorporated area consisting of farms and ranch houses. The fabric of the community is the Tatum Municipal Schools, which employs 70 Tatum residents. The school district maintains a large campus for elementary, middle school and high school students; actively recruits highly educated teachers; and is considered one of the best school districts in the state.

Table 54: Town of Tatum Households at a Glance	No. of Households
Housing Tenure	
Homeowners	231
Renters	81
Hispanic Households	
Hispanic/Latino	106
Hispanic /Latino Homeowners	80
Hispanic/Latino Renters	26
Low Income Hispanic/Latino*	41%
Overcrowded Households*	
Overcrowded	16
Overcrowded Hispanic	16
Senior Households	
Seniors	76
Senior Homeowners	68
Senior Renters	8
Seniors Living Alone	25
Low-Income Seniors*	51%

Source: 2010 US Census unless otherwise indicated
**US Census Bureau, 2005-2009 American Community Survey 5-Year Estimates.*

Due to its location, Tatum is experiencing job growth to a lesser extent than the rest of Lea County, but faces challenges in housing high-quality teachers and retaining city employees. Limited housing availability in Tatum has made it difficult for new employees to find housing, and has created overcrowding problems and gaps in the housing spectrum for existing residents.

Over the next five years, this plan proposes development of 53 mixed-income rental units to meet the needs of overcrowded households, Tatum's low-income population, and new moderate and higher income members of the workforce. In addition, five new homeownership units for workforce are factored in, by way of the local high school trades program.

Community Profile

Population Growth. Over the last ten years, the 2010 US Census reports a 15% increase in Tatum's population, or an annual growth rate of 1.46% per year. This is higher than BBER's population projection for 2010 of 4,350. To provide a conservative estimate, this report uses BBER's average annual growth rate of 0.96% to provide a population projection of 4,780 for the year 2015. Based on an average household size of 2.06, this is equivalent to 108 new households, or 22 households per year.

Table 55: Tatum Population Growth, 2000-2010

Area	2000	2010	Change (No.)	Change (%)	Annual Growth
Town of Tatum	683	798	115	16.84%	1.68%
Unincorporated	3,293	3,759	466	14.15%	1.42%
Total Tatum	**3,976**	**4,557**	581	**14.61%**	**1.46%**

Source: 2000 and 2010 US Census

Age. The City of Tatum is older than most communities in Lea Count, but is median age of 37.1 years is consistent with state (36.7) and national (37.2) trends. Fifteen percent of Tatum's population is over 65 years old, compared to 11% in Lea County. At 4%, Tatum has a very low percentage of young people age 20-24, coupled with a large percentage of residents age 45-54 (15.5%)

Hispanic and Latino Population. At 44%, Tatum has the smallest percentage of the Hispanic and Latino population in Lea County; however, the Hispanic population has grown an impressive 38% in Tatum over the past ten years. It should be noted that some of the socio-economic differences between Hispanics and non-Hispanics are less prevalent in Tatum than in the rest of the County. For example, a smaller percentage of low-income households are also Hispanic households, and the 2005-2009 American Community Survey reported median household income as slightly higher for Hispanic households ($41,319) than for all households ($40,726) in Tatum.

Tenure and Housing Type. Tatum has a high homeownership rate of 74% and only 81 rental households. Eighty-nine percent of housing units are single-family dwellings, and only 9.8% of all dwellings are mobile homes. Only six housing units are identified as apartments, although more are reported in the 2008 study *Affordable Rental Apartments Market Analysis for Tatum, NM.*

Substandard Units and Overcrowding. Likely due to small sample size, the 2005-2009 American Community Survey does not report the number of substandard homes lacking complete plumbing or kitchen facilities in Tatum. It does indicate, however, that Tatum has the highest rate of overcrowding in the County, at 7%. All of Tatum's overcrowded households are identified as Hispanic or Latino households.

Recent interviews and *Affordable Rental Apartments Market Analysis for Tatum, NM* supports this high overcrowding rate. The report states that city officials reported several instances of overcrowding, including one or more where multiple families were living in single, small homes. City officials recently reported that at least 10 families are living in overcrowded conditions, some as extreme as eight persons in one house and six persons in a single bedroom. Because the average household size in Tatum increased from 2.06 persons to 2.56 persons between the 2005-2009 American Community Survey and the 2010 US Census, we can expect to see an increase in overcrowded households when new overcrowding data is released. It can be assumed that the lack of new housing development in Tatum is contributing to the increase in overcrowded households.

Table 56: Tatum Change in Housing Units and Vacant Units

Housing Units	2000	2010	Change (No.)	Change (%)
Town of Tatum	391	360	-31	-7.93%
Unincorporated	1,462	1,530	68	4.65%
Total Tatum	**1,853**	**1,890**	**37**	**2.00%**
Vacant Units	**2000**	**2010**	**Change (No.)**	**Change (%)**
Town of Tatum	124	48	-76	-61.29%
Unincorporated	277	181	-96	-34.66%
Total Tatum	**401**	**229**	**-172**	**-42.89%**

Source: 2000 and 2010 US Census

Housing Units and Vacancies. According to the 2010 Census, 68 new housing units have been built since 2000 in the unincorporated area surrounding Tatum, while the Town of Tatum's housing stock has declined by 31. This is likely due to demolition of substandard housing units in the town, where the number of vacant units decreased substantially by 76 or 61%. A large decrease in vacant units also occurred in the unincorporated area. Tatum now boasts a normal vacancy rate around12 or 13%, as compared to 32% in 2000.

Affordability Analysis

Tatum is located north of the new economic development opportunities occurring in the central and southern portions of Lea County. Most residents are employed by the schools, the city or in the oil fields. City officials also report that some seasonal workers live in Tatum for part of the year, maintaining a residence there due to the low cost of living.

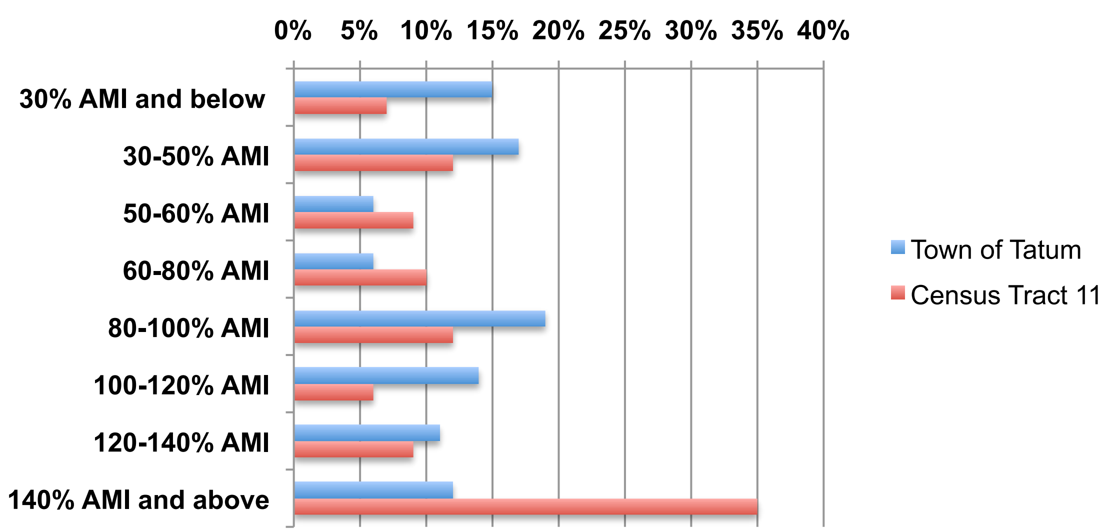
Typical home in Tatum

According to the 2005-2009 American Community Survey, the Town of Tatum's median household income is $40,726, slightly below the median for the county as a whole. Per capita income of $16,747 is the lowest in the county, however. On the other hand, Tatum has the lowest poverty rate in Lea County (9%), with no households receiving cash public assistance, and a very small percentage receiving supplemental security income (SSI). Tatum has the highest percentage of households receiving social security income (58%) and retirement income (23%) in the County.

At 17%, the Town of Tatum has the highest percentage in Lea County of residents over age 25 with a bachelor's degree or higher. This is still approximately 10 percentage points lower than the average in New Mexico (25%) or the US (28%). Tatum has the second lowest percentage of residents over 25 that did not finish high school, at 30%. Again, however, this is much higher than the New Mexico and US averages of 18% and 16% for people without a high school diploma or equivalent.

The cost of living is Tatum is the lowest in the county, with no households classified as cost burdened. Selected monthly owner costs average $450, reflecting the fact that 64.5% of homeowners have paid off their mortgages, and are paying only monthly utility costs. Median rent and rent burden are not reported by the US census due to the small sample size of rental households in the community.

Figure 25: Income Distribtution by AMI, Tatum



Based on income categories reported by the US Census 2005-2009 American Community Survey, the number and percentage of households in various Area Median Income categories is shown above for the Town of Tatum. Forty-four percent of households in the Town of Tatum can be classified as low-income, with an additional 23% classified as moderate-income. Because the US Census has not released 2010 income data, we have extrapolated the percentages of households for each AMI category to the total number of households in the Town of Tatum (312) in 2010. This allows us to estimate the current number of households in each AMI category. Based on this methodology, 137 households can be classified as low-income and 72 as moderate-income, for a total of 209 low to moderate-income households in Tatum.

Table 57: Town of Tatum Area Median Income Categories

AMI Category	No. of Households (2005-2009)	Percent of Households (2005-2009)	No. of Households (2010 Est.)
30% AMI (Extremely Low Income) *$14,100 and below*	37	15%	47
30-50% AMI (Very Low Income) *$14,101 to $23,600*	40	17%	53
50-80% AMI (Low Income) *$32,601 to $37,700*	27	12%	37
Total Low Income	**104**	**44%**	**137**
80-120% AMI (Moderate Income) *$37,701 to $56,500*	79	23%	72
Total Low to Moderate Income	**183**	**67%**	**209**

Source: Households for AMI categories estimated for Figure 25 and Table 57 by Housing Strategy Partners using 2005-2009 American Community Survey data

As compared to the rest of the county, there is an unusually high percentage of households earning less than 50% AMI, an unusually low percentage households earning 60-80% AMI (6%), an unusually high percentage of households earning between 80 and 120% AMI (33%), and an unusually low percentage of households earning above 140% AMI (12%).

When Census Tract 11, the larger, unincorporated area around Tatum, is added into the equation, the income distribution looks more like Lea County as a whole. In all of Census Tract 11, 38% households are low-income, and 18% are moderate income. Similar to the unincorporated area around Hobbs where large, custom ranch houses are prevalent, a substantial percentage of households (35%) are high-income, earning above 140% AMI.

The Town of Tatum's income distribution illustrates an interesting dilemma. Nearly 40% of all households fall under 60% AMI, where incomes are not typically high enough to qualify for homeownership. The segment of households between 60 and 80% AMI—the segment that qualifies for subsidies as well as home purchase—is extremely small, just 6% or 14 households within the town and 10% or 151 households in incorporated and unincorporated Tatum combined. There are also many moderate-income income households earning between 80 and 120%, particularly in the Town of Tatum, where they comprise 23% or 79 households. The workforce seems to be bifurcated in this regard, with a significant percentage earning less than 60% AMI and a significant percentage earning between 80% and 120% AMI. Case in point are Tatum residents employed at the Tatum Municipal Schools. Most teachers in the school system have their master's degrees and earn moderate incomes between $45,000 and $53,000. On the other hand, the Town of Tatum employees earn $9 to $12 per hour and would fall into the very low-income category.

Homeownership. There is very little market activity in Tatum to determine the affordability of average sales prices. Currently, one 2,100 square foot manufactured home is listed through the Multiple Listing Service at a price of $289,900. This unit has been on the market at the same price since at least March 2011. The sales price, however, includes six city blocks of land and a 1,800 square foot commercial building, which makes it unusable as a comparable.

More typical comparables for the Town of Tatum are limited to homes built by the high school trades program. These homes are auctioned off in the community, primarily to teachers, as they are located on land that the school district intends to develop as a teacherage. The first home built through this program sold for $65,000, and the second home is currently being rented because the highest bid of $80,000 did not equal the appraised value of $120,000. Both homes are two-bedroom units, consisting of 1,400 square feet each.

Units priced at $65,000 or $80,000 would be affordable for moderate, low and even very low income Tatum households earning 50% AMI. A price of $125,00 would be affordable for a low-income household at 80% AMI. Despite low incomes in Tatum, such low home sales prices would provide ample homeownership options for local residents *if homes were available for sale*. Like in Jal, the limiting factor for homeownership is the fact that there are virtually no homes for sale in Tatum.

Rental. *Affordable Rental Apartments Market Analysis for Tatum, NM* inventories Tatum apartments as Coyote Corners Efficiency Apartments and the Coyote Point Apartments. According to the study, the Coyote properties have a vacancy rate of 25%, which is roughly equivalent to three of the 13 units being vacant at any given time. Neither apartment owner advertises but still receives one or more inquiries per day. Units in the Sunset Motel and the Sands Model are also used for long-term rentals. [5] Neither the Coyote properties nor the motel units are handicap accessible. City officials have also reported that the Westware Motel was recently converted into large apartment units, and that a local resident is considering doing the same with the Sands Motel.

Table 58: Tatum Apartments and Rental Units

Tatum Apartments and Rental Units	No. of Units	Unit Size	Cost
Coyote Corners	5	studio	$375/mo
Coyote Point	8	1 br	$425/mo
Sands Motel	12	-	Varies
Sunset Motel	20	-	$170/wk

Source: Doss, Russ, Lea County Housing, Inc., *Affordable Rental Market Analysis for Tatum, NM*, 2008.

Of existing rental units in Tatum, none are income-restricted. However, rental rates at both Coyote Corners and Coyote Point appear to be affordable for extremely and very-low income renters at 30%-50% AMI. This assertion cannot be checked against cost burden data, as that data is not released due to the small sample size for renter households in Tatum.

Housing Priorities

Affordable Apartments. The limited number of apartment units (13) and large number of very low-income households in the Town of Tatum suggests considerable demand for additional low-income rental units. Because studio and one-bedroom units are already offered in Tatum, *Affordable Rental Apartments Market Analysis for Tatum, NM* recommends construction of larger units.

Workforce Housing (Single Family Homeownership and Infill). The Town of Tatum has significant demand for workforce housing for teachers and city employees. Many households in the workforce are represented in Tatum's large moderate-income category, which makes up 23% of all households. While Tatum faces the same difficulties as other Lea County communities in constructing new homes at price points acceptable to the community, it has the benefit of an established self-help mechanism through the trades program at the high school. Trades students have produced two single-family workforce units for the teachers in the past two years. Both units are located on land planned as a teacherage. It is important that Tatum sustain and expand this valuable

[5] Doss, Russ, Lea County Housing, Inc., *Affordable Rental Market Analysis for Tatum, NM*, 2008.

program for future workforce housing development. Through this affordable housing plan, the school district will be able to donate a portion of the home cost, should the appraisal come in higher than the highest bid.

In addition to the self-help trades program, condemnation and rehabilitation or demolition/infill is another mechanism to produce additional homeownership units. Census data indicate that a substantial number of vacant homes have been demolished in Tatum during the last decade, likely by private homeowners. The Town of Tatum has not undertaken demolition because it cannot afford the costs associated with the activity.

Teacherage Homes in Tatum

Tatum officials reported lack of clear title as a significant problem hindering the rehabilitation of many units. In some cases, the legal costs to clear the title are higher than the value of the land, so even owners who are interested in selling tend to hold onto their properties. The Town of Tatum has pursued legislation at the state level to require that property owners maintain clear title. Whether or not this legislation will pass, the city has made useful recommendations that the Lea County Assessor "flag" properties when taxes go unpaid or when the owner dies. An early notification system prompting heirs to record their titles may prove helpful. In addition, this Plan suggests that Tatum and/or Lea County request pro bono assistance from the University of New Mexico Law School to offer a clinic that provides free legal work to clear titles in Lea County.

Rehabilitation. The Town of Tatum named home rehabilitation as its third housing priority. This is clearly a need in a community with a large number of homeowners, many of who need assistance maintaining their homes. Rehabilitation of occupied homes can occur through Lea County Housing, Inc.'s rehab program. This will not create new housing inventory in the community, but it will prevent more homes from falling into disrepair and being vacated.

Senior Accessibility Improvements. With a relatively high number of senior households, town officials report that most like living on their own. Elite Health Care of Hobbs and Lovington provide home health care for Tatum seniors, as well as meals on wheels. Town officials believe that assisted living projects in Lovington and Hobbs are adequate to meet the needs of those few seniors who choose or need that option. However, in order to age in place, it is important for the Town and County to provide home improvements that address accessibility, weatherization and other senior rehabilitation needs.

Housing Production Plan

The table and analysis below estimates the number of housing units needed to address housing gaps in Tatum for the current population ("Catch Up Demand") as well as provide housing for future employment growth ("Keep Up Demand"). The analysis is conducted to provide a five-year housing goal, therefore all estimates are made on the basis of the next five years. The fact that Tatum is experiencing less job growth than the rest of the county is reflected in these numbers. Also reflected is the fact that the Town of Tatum will be the major driver of affordable housing projects in that area, despite the fact that the town only represents a small percentage of the population and housing units for the larger unincorporated area. It is not realistic to expect that the Town of Tatum will develop all units required to meet the demand in the unincorporated area, where incomes are higher, land holdings are larger, and most new development will be market rate.

Table 59: Tatum Housing Production Plan

Housing Demand Factors	Target Income	Five-Year Goal (53)
Catch-Up Demand		**28**
Income-Restricted Rental	30-60% AMI	20
Overcrowding	30-60% AMI	8
Keep-Up Demand		**25**
Rentals for Teachers and WF	80-120% AMI	10
Rentals for Teachers and WF	Market Rate	10
SF Homes for Teachers and WF	Market Rate	5
Other Priorities		
Rehabilitation, including senior improvements	30-50% AMI	35

The analysis recommends that approximately 48 new rental units be constructed in Tatum. Given the current plan to construct five of these units in the short term, it is likely that this goal could be phased in over several years as part of a single development, or that rental units could be clustered together on scattered sites. The 53 units should include 28 rental units affordable to low and very low-income households, and 20 workforce units priced for moderate incomes and at market rate. An additional five units (one per year) should be created through the trades program for the teacherage, and should be retained as market rate to provide maximum flexibility for their use. These units can be homeownership units, rental units or lease-to-own.

The production plan also calls for seven units, including senior units, to be rehabilitated through a combination of LCHI's HOME-funded owner-occupied rehab program, MFA's Energy$mart program, and recommended programs for acquisition/rehabilitation and low-cost weatherization. Each of these rehabilitation initiatives is discussed in detail in Section V, pages 93-96. The estimate of 7 units is based on the Tatum area accounting for 7.58% or 1,890 housing units in Lea County, and on a total rehabilitation target of 100 homes for the entire county over five years.

Catch Up Demand: Housing Gaps for the Existing Population

Income-Restricted Rental Housing. Based on the low number of apartments (13), and a relatively high number of households at 60% AMI and below, it is estimated that 20 additional income-restricted or affordable rental units are needed in the next five years. Five of these units are already in the planning stages through a partnership between the city and Lea County Housing, Inc.

Overcrowding. There are 16 overcrowded households in Tatum, all which are owner-occupied. Four of the 16 units are extremely overcrowded, with 1.5-2.0 persons per room. Because of Tatum's high rate of overcrowding and the intensity of the overcrowding, we recommend that 8 additional rental units be provided to address the needs of 50% of overcrowded households.

Keep Up Demand: Housing Needs resulting from Employment Growth

Employment growth in Tatum occurs primarily through hiring of teachers for the local school district. This year, city officials report that five new teachers have been recruited from outside of the community. For purposes of this analysis, we assume that five new teachers and other professionals come into the community each year, resulting in demand for 25 units over five years. It is assumed that this demand is met through the development of 20 moderate-income to market rate rental units, and by the trades program producing one new homeownership unit per year.

Development Sites

The Town of Tatum and the Lea County Housing, Inc. are planning to leverage $100,000 from the Governor's Innovative Housing Fund with $100,000 in local funding to build five, two to three bedroom rental units. Initially, the partners are planning to offer two units for 60% AMI and below, and the other three at

Tatum Site A

115% and below. Tatum and LCHI have consulted various modular housing developers about floor plans and costs, and will release a Request for Bids for the project in 2012.

As part of that project, the Town of Tatum has identified a parcel land that it plans to donate for affordable housing. Shown as "Site A" on the map, the lot is approximately one-half acre and situated at the intersection of 1st Street and Coburn. There are no development constraints noted. The site is flat, outside of the floodplain, and is not zoned, as Tatum has no zoning. The parcel is located in a neighborhood already developed with single-family homes. Five dwelling units on this site can be accommodated, however, this number will be the upper limit of what can be supported given the need for driveways and utility easements, as well as the single-family character of Tatum and the immediate neighborhood. Water, sewer, gas and electric infrastructure are located along the property lines to serve adjacent homes. There are no rights-of-ways or easements on the property and it is owned in clear title by the Town of Tatum. The Town of Tatum also plans to cover the estimated infrastructure costs for the project, estimated at $3,000.

In addition to this site, the only other land identified for future affordable home development is two acres owned by the Tatum School District on west 2nd Street and indicated as "Site B" on the map. Two homes built for teachers by the school district's trades program are already located here. If the trades program continues to build at least one home a year for teacher and workforce housing, the Tatum School District hopes to have the ability to donate its land via this Affordable Housing Plan. The school district land is also free of development constraints, with no zoning, floodplain, terrain or utility issues, as the school and nearby homes are already served by utilities.

Figure 26: Potential Development Sites in Tatum

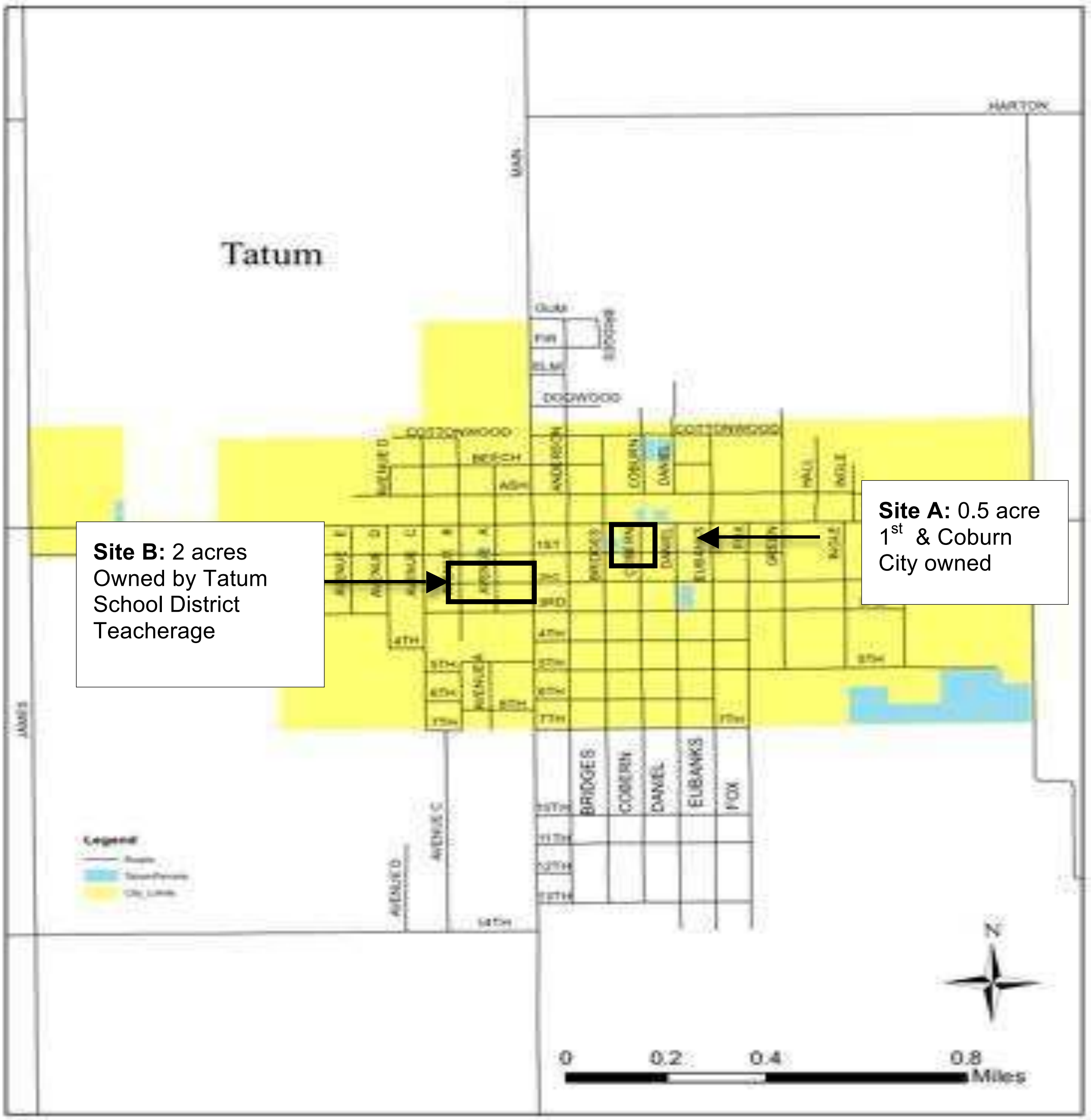
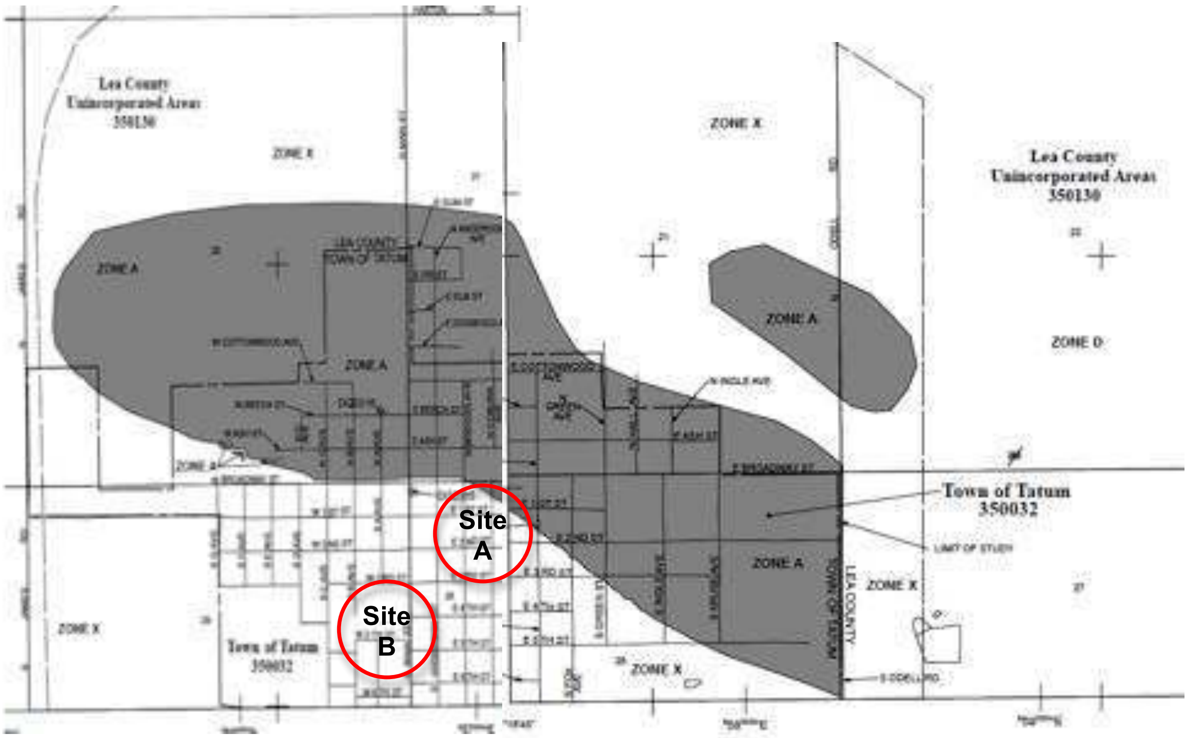


Figure 27: FIRM Floodplain Insurance Rate Map for Lea County, NM Panels 440 and 445 of 2150 (Tatum)



Coordination with the City of Hobbs

The City of Hobbs is in the process of adopting its own housing plan, which, to the degree possible, should be coordinated with the Lea County Affordable Housing Plan. For this reason, this section is not formatted to mirror the other communities in Lea County, but rather focuses on housing priorities in Hobbs and the ways in which the Hobbs and Lea County Affordable Housing Plans can work together.

The Role of Hobbs in Lea County

Hobbs plays a unique and important role in Lea County. It is the county's largest municipality, with a population of 43,305 including the unincorporated areas. Growth in the Hobbs area over past ten years totals 18.22%, higher than the countywide growth rate of 16.60%. Sixty-seven percent of the county's population is concentrated in Hobbs, up slightly from 66% in 2000. And new economic development in Lea County has and will contribute to Hobbs' growth. Based on data from the US Bureau of Labor Statistics Quarterly Census of Employment and Wages, the *City of Hobbs Housing Needs Assessment* shows that the number and percentage of jobs in Hobbs is increasing relative to the rest of the county.[6]

Hobbs has also become the hub for new development and investment. In the early 2000s, housing prices were low across Lea County, frozen in time by the bust cycles and the lack of recent development. As economic activity increased in 2003, Hobbs was able to house temporary construction workers in its hotels, RV and mobile home parks. Responding to the demand, construction levels rose by 2007, with new apartments, single-family homes, hotels and commercial development built almost exclusively in Hobbs. Today, home prices and rent rates have risen to market levels in Hobbs, but still remain very low in other communities. For all of these reasons, it is likely to assume that growth from new economic development will continue to be concentrated in Hobbs. At the same time, Hobbs' experience with development can help other communities in Lea County to attract their share of growth, while ensuring that low income residents can continue to afford housing in their respective communities.

Hobbs Housing Priorities

The City of Hobbs Housing Plan (final draft April 2011) consists of three discrete sections. The first section is an action/implementation plan and is organized according to Priority 1, 2, 3 and 4 projects and initiatives. The second section is the City of Hobbs Housing Study, April 2010, which provides updated economic conditions and a physical

[6] RRC Associates, Inc., *City of Hobbs Housing Needs Assessment* (2009), p. 20.

inventory of the number and condition of multi-family, single-family, and mobile home units in Hobbs. The third section is the City of Hobbs Housing Needs Assessment (June 2009), which was produced by RRC Associates and commissioned by the Maddox Foundation. City of Hobbs housing priorities in the action/implementation plan are described below.

Land Acquisition and Land Banking

Currently, the City of Hobbs does not own a significant amount of land suitable for large-scale residential development. As a top priority, the city plans to identify key sites that are in public ownership or can be acquired by the city, with a goal of 10-15 acres per year dedicated for large multi-family development. Hobbs will also attempt to purchase 12-15 building sites per year for Habitat for Humanity or for new modular or manufactured homes. The city will continue to provide rental and homeownership infill opportunities through condemnations on a scattered site basis, for up to 100% AMI.

Multi-Family Rental Housing

In this category, income-restricted subsidized units are Hobbs' highest priority. As verified in this plan, there is a substantial gap between the pricing of market rate and subsidized rentals. The City of Hobbs is setting an annual goal of 100 units per year for households earning up to 60% AMI. Initially, this would begin with a 60-75 unit project in the areas south of Sanger Street, although other locations could be considered.

Priority 2 rental projects include moderate-income rental, beginning with a 50-75 unit project for households between 60-100% AMI. Priority 3 is subsidized senior rental housing for households between 30-50% AMI. The annual target is 20 units per year, assuming demand can be substantiated. Priority 4 is to diversify the rental product mix through private sector accessory units.

Homeownership

The City of Hobbs Housing Needs Assessment indicates, and local realtors confirm, that few new housing opportunities exist for households between 80-100% AMI. Priority 1 projects in this area are to encourage for sale modular and innovative housing products for households below 80% AMI (five units per year); infill redevelopment for non-profits, builders and developers (5 lots per year); and a potential public private partnership which would purchase for sale units and convert them to 60-80% AMI, sweat equity homes (10 units per year).

Rehabilitation

Rehabilitation is not one of Hobbs' Priority 1 areas. Weatherization using MFA funds through Eastern Regional Housing Authority (ERHA), sweat-equity/fixer-upper programs through non-profit organizations, and city funding for urban renewal are listed as

Priority 2. The City plans to appropriate up to $250,000 per year for the urban renewal program, which would assist property owners with demolition, hauling and landfill fees. Grants and low-interest loans for owner occupied rehabilitation, including HOME funds, is listed as Priority 3, with a note that outside expertise from local organizations and non-profits should be engaged.

Housing Programs

High programmatic priorities include establishing a City Housing Committee as the central housing entity for the City of Hobbs, monitoring of housing goals and conditions by the city, and establishing a permanent funding source for housing by budgeting up to $500,000 per year for housing projects. The City of Hobbs Housing Plan also identifies affordable housing incentives, including fee waivers, infrastructure assistance, and special incentives for affordable subdivisions of at least 20 lots, as high priorities.

Buyer assistance and training recommendations include a down payment assistance program using MFA, ERHA and revolving loan funds as Priority 2. Expanding first time homebuyer education efforts is listed as Priority 3, and developing a housing code is listed as Priority 4.

Collaboration with Lea County Housing, Inc.

Based on *The City of Hobbs Housing Plan* priorities, above, as well as discussions with city officials, it appears that Lea County Housing, Inc. (LCHI) could implement its existing rehabilitation and homebuyer training programs in Hobbs, in partnership with the city. The City of Hobbs Housing Study identified as many as 500 single-family units requiring major or minor rehabilitation, many of which would qualify for LCHI's HOME rehabilitation program. The city has also indicated a desire to partner with other non-profits in these areas, rather than creating new programs at the city level. LCHI can also provide homebuyer training for Habitat for Humanity, which reports that it would be interested in having another entity provide the training for its homeowners.

In addition, the City of Hobbs has expressed interest in having an outside entity provide monitoring and compliance for any income-restricted multi-family housing it builds. LCHI is interested in this role, and could partner with the City in this manner.

Finally, the City of Hobbs and LCHI have the opportunity to collaborate on the priority development projects that the city plans to undertake. The two entities have discussed building 24 units of supportive housing on a property slated for multi-family development in south Hobbs. This could be the first of many projects where the two entities work together to produce the many units required to meet housing demand across the spectrum in Lea County.

Upon adoption, *The City of Hobbs Housing Plan* will establish a Housing Committee to study and develop specific recommendations for housing in Hobbs. LCHI currently has its own Board of Directors that serves in a similar capacity for the county. It would benefit both the city and county if a representative from each could serve as a non-voting advisory member for the other's entity. This would provide a way for the City of Hobbs and LCHI to regularly communicate, collaborate, and share resources, as appropriate, on their many shared housing needs.

APPENDICES

Appendix A: LEA COUNTY MAJOR EMPLOYERS

URENCO USA National Enrichment Facility (NEF) is a $3 billion manufacturing facility that produces low enriched uranium required by nuclear power plants. It is the first nuclear construction facility to be permitted in the United States since 1978, under new Environmental Protection Agency regulations, and was originally projected to meet the demand for 25% of all enriched uranium used by US power plants. However, after determining there was additional need for enriched uranium, URENCO sought and received approval for a 100% increase in facility size, which is projected to meet the demand for 50% of all enriched uranium used by US power plants.

Construction of URENCO began in 2006, peaked in 2007 and 2008, and will continue through 2013 to double the size of the facility. The facility became operational in 2010. Today, the number of construction workers representing the initial wave of URENCO employees is declining, while the quantity of permanent and more highly skilled employees is increasing.

The URENCO facility is located within five miles of the City of Eunice and currently employs 320 people, with approximately 260 living in Hobbs and 40 living in Andrews, Texas. Employees are required to live within a 50-mile radius of the plant. Employees consist of a mix of local residents in lower-level construction jobs; local residents who have received workforce training for technical positions in plant maintenance, radiation protection, and chemistry; and retired military and nuclear industry employees who have been imported from other communities. According to Ruth Giron, URENCO Human Resources Director, the nuclear workforce in the US is aging, and there are few highly trained people to take the places of those retiring. Giron would like to attract young families to the area, but has found this difficult because many are not accustomed to the dryness, altitude, and odor associated with oil and gas production. URENCO hires local interns every summer to create a pipeline of workers for permanent positions. According to Giron, URENCO is currently hiring almost all graduates from their nuclear programs at New Mexico Junior College in Hobbs.

As the first large employer to develop a new project in Lea County, URENCO has felt the housing shortage most acutely and has been active in solutions to address it. In 2007, URENCO assisted with funding to construct Windscape Apartments in Hobbs to house its workers. The complex offers market rate apartments for $700-$800 (1 bedroom) and over $1000 (2 bedroom). URENCO guarantees the rent on the units if they are vacant.

Anecdotal information suggests that the apartments were at full occupancy when they were first built, as Windscape was the first new market rate multi-family complex built in Hobbs since the

Woodleaf Apartments were constructed in 1982. Following Windscape's success in the market, other developments came on line at lower price points, and have siphoned off some of the market rate apartment demand, leaving greater numbers of apartments vacant at Windscape. URENCO also provides temporary housing for some employees on a regular basis.

To provide housing opportunities where its employees work, URENCO was also involved in a Unidev project to construct single-family, market rate homes in Eunice. Four units were funded by URENCO, and one has sold. The other three units remain for sale, offering proof of the difficulty in recouping construction costs in the stalled housing markets outside of Hobbs.

URENCO plans to expand its warehousing operations into Jal, by occupying part of an old school building. Project construction is projected to employ 60 people through 2015, ushering in 30 permanent jobs at an average salary of $75,000 per year.

Eldorado Biofuels is a leading company in the areas of industrial wastewater treatment, algae cultivation and biofuel production. Its main focus is to provide water treatment systems to treat industrial wastewater originating from oil and gas production. The company is developing a demonstration facility in Jal, where it will use "produced water" (waste water produced through oil and gas drilling) to grow algae for biofuel. The company expects to create 40 jobs over the next five years, with all jobs located in Jal.

SunEdison and Southwestern Public Service (SPS) are building five photovoltaic solar power plants in southeast New Mexico, four of which are located in Lea County, with two plants within a few miles of Jal. Each site will generate 10 Megawatts and will be located on 80-120 acres of land. This combined 50 Megawatt project will be one of the largest arrays in North American and will enable SPS to meet its Renewable Energy Credits (RECs) under State of New Mexico regulations. The project is projected to generate 500 construction jobs and 15-20 permanent positions.

International Isotopes (INIS) is locating its $93 million Depleted Uranium Deconversion and Florine Extract Facility in Lea County. The facility will process the byproduct produced by URENCO and convert it to materials used in medical materials, microprocessors, and solar panels. Construction is scheduled to begin in 2011. INIS plans to create 130 to 150 jobs when operational.

International Potash Company of Canada is conducting tests and final feasibility studies west of Jal to mine polyhalite ore, which is used to make a high-grade fertilizer. On a proposed 36,900 acres, the mine operation could generate 350-400 million tons of polyhalite ore over a 75-year period. The polyhalite ore found in Lea County is extremely valuable relative to other finds because it has low to no chlorides, making it effective on crops that have a low tolerance for chlorides. The company has signed an agreement with the State Land Office to initially drill

27 acres. Following Phase II testing, mine construction could begin in late 2012, with operations beginning in 2014. If realized, the project could employ up to 500 people.

Nor-Lea General Hospital is a 25-bed Medicare-certified facility located in Lovington that employs approximately 300 workers. It is managed by Nor-Lea Hospital District, a not-for-profit, community-based healthcare organization that also owns and operates Nor-Lea Home Health, Nor-Lea Home Medical, three rural clinics (Lovington Clinic, Tatum Clinic, Family Health Center in Hobbs), and one school-based clinic (Lovington Student Healthcare Center). Nor-Lea recently completed a 48,000 square foot addition that includes a cancer center.

Nor-Lea is Lovington's largest private employer, and its excellent reputation is a source of community pride. As part of its development, the Hospital District purchased 20 acres adjacent to the hospital that it hopes to develop into a 30-bed assisted living facility with an Alzheimer's unit. The Hospital District hopes to develop approximately 15 acres of the property into workforce housing rentals for its employees.

The hospital has struggled to find housing for its growing workforce, and would like to address housing as well as daycare needs for its predominately female employees. Nor-Lea hired 48 new employees in 2010, but 37 of these are living in Hobbs due to lack of housing in Lovington. Income levels range from $40,000 to $70,000 per year. Nor-Lea is willing to open up these potential units to other workforce, such as police officers, firemen, and teachers with starting pay around $34,000. It currently needs assistance in planning the project and determining what role it would play in the development.

Appendix B: LEA COUNTY INCOME

Lea County Income Guidelines

HH #	1	2	3	4	5	6	7	8
30% AMI	$9,150	$10,500	$11,800	$13,100	$14,150	$15,200	$16,250	$17,300
50% AMI	$17,000	$19,450	$21,850	$24,300	$26,250	$28,200	$30,150	$32,100
60% AMI	$20,450	$23,350	$26,300	$29,200	$31,550	$33,850	$36,200	$38,550
70% AMI	$23,800	$27,200	$30,600	$34,000	$36,700	$39,450	$42,150	$44,900
80%AMI	$27,250	$31,150	$35,050	$38,900	$42,050	$45,150	$48,250	$51,350
90% AMI	$30,600	$34,950	$39,350	$43,700	$47,200	$50,700	$54,200	$57,700
100% AMI	$34,000	$38,900	$43,750	$48,600	$52,500	$56,400	$69,950	$64,150
110% AMI	$37,450	$42,800	$48,150	$53,500	$57,800	$62,050	$66,350	$70,600
120% AMI	$40,800	$46,650	$52,450	$58,300	$62,950	$67,650	$72,300	$76,950

Affordability Matrix

HH #	1	2	3	4	5	6	7	8
30% AMI (rent)	$229	$263	$295	$328	$354	$380	$406	$433
(sales price)	$40,288	$46,232	$51,956	$57,680	$62,303	$66,926	$71,549	$76,173
50%	$425	$486	$546	$608	$656	$705	$754	$803
	$74,852	$85,639	$96,207	$106,994	$115,580	$124,166	$132,752	$141,338
60%	$511	$584	$658	$730	$789	$846	$905	$964
	$90,042	$102,811	$115,800	$128,569	$138,916	$149,043	$159,390	$169,737
70%	$595	$680	$765	$850	$918	$986	$1,054	$1,123
	$104,792	$119,763	$134,733	$149,703	$161,592	$173,700	$185,588	$197,697
80%	$681	$779	$876	$973	$1,051	$1,129	$1,206	$1,284
	$119,983	$137,155	$154,327	$171,278	$185,148	$198,797	$212,447	$226,096
90%	$765	$874	$984	$1,093	$1,180	$1,268	$1,355	$1,443
	$134,733	$153,886	$173,260	$192,413	$207,824	$223,234	$238,645	$254,056
100%	$850	$973	$1,094	$1,215	$1,313	$1,410	$1,749	$1,604
	$149,703	$171,278	$192,633	$213,988	$231,160	$248,332	$307,993	$282,455
110%	$936	$1,070	$1,204	$1,338	$1,445	$1,551	$1,659	$1,765
	$164,894	$188,450	$212,007	$235,563	$254,496	$273,209	$292,142	$310,855
120%	$1,020	$1,166	$1,311	$1,458	$1,574	$1,691	$1,808	$1,924
	$179,644	$205,402	$230,940	$256,697	$277,172	$297,866	$318,340	$338,814

Housing Ratio:	30%
Interest Rate	5.50%

The incomes represented above are based on the percentage of HUD median income for median family size numbers rounded to the nearest $100. Adjustments for family size are based on the HUD income formula of a 10% decrease in allowance for each family member less than the median size of four and an 8% increase in income for each family member greater than the median size. These numbers are then rounded to the nearest $50 increment as is HUD's policy. This is true for all categories with the exception of the 80% tier which is a published number from HUD and differs from the number derived from full median income because HUD's formula for 80% of median is based on the Very Low Income numbers. The manually entered cells are bolded, all other field are link formulaically to the 100% AMI for a family of four figure. This basic mortgage calculator assumes a 30yr fixed rate loan based on the income guidelines for family size and income levels. These calculations do not include taxes and insurances. Both the front end debt ratio and the interest rate are can be manipulated. This does not take into account required down payment, closing costs, or monthly taxes and insurance.

Appendix C: EMPLOYER ASSISTED HOUSING

By bringing the public and private sectors together to provide housing, Lea County can maximize its most viable economic asset – its employers. Conditions in Lea County are optimal for the creation of an EAH infrastructure. With aging housing stock, many employees commuting long distances and high projected employment growth, investment in an employer housing program infrastructure now will deliver benefits well into the future, and will help accommodate future growth in Lea County. Furthermore, several large employers have indicated their interest and engagement in the housing issues facing their employees, making this an attractive option for program development.

Background

Employer Assisted Housing programs provide extensive benefits for the businesses that undertake them and can be tailored to work in almost any housing market. Housing is a critical component of the overall business environment and employer investments in housing not only benefit their bottom line but the larger community as well. Housing programs can help increase recruitment and retention of employees, and in many cases, the associated savings such as reduced training costs and tax credits can more than cover the costs of the program. This form of non-cash benefit can also offset modest wages, helping lower income employees attain homeownership, or in the case of rental programs, achieve a housing expense proportional to their income.

EAH's represent a private sector investment that has multiple community-scale benefits as well. A successful EAH program contributes to neighborhood revitalization, improved community housing conditions, increased economic activity, better balance between workforce size and available housing and increased tax base for municipalities. Proximity of employees to their place of employment is another key benefit, as reduced commute times directly improve employee morale and can improve response times for workers in critical fields such as health care.

Types of EAH Assistance

EAH programs can include both rental and homeownership assistance, with rental generally being focused towards lower wage earning employees, while homeownership programs typically target moderate-income households. The most successful models integrate assistance for a range of housing options from rental through homeownership. All programs should be paired with appropriate financial counseling and education to ensure that there is a viable pool of qualified buyers to take full advantage of program investments, and that expert assistance is provided throughout the home buying process.

Homeownership Programs

Counseling and Education. Virtually all employee housing programs include some level of homeownership counseling and education, whether they are rental or homeownership based. Some of the most minimal employee housing models simply provide this service to employees with no other direct cash assistance from the employer. This critical program component ensures that participating employees receive proper support for saving a down payment, repairing their credit, increasing overall financial literacy and to establish a basic level of understanding about the home buying process. By participating in a HUD approved counseling and training program, participating employees also become eligible for other assistance available through third party sources.

Financing Tools. Lowering direct costs for homebuyers is frequently the most effective way to address housing affordability. Assistance can be customized to meet the needs of the particular community, participating employers, and sources of third party funds. One of the most critical steps in designing an effective down payment or closing costs assistance is determining the level of subsidy and the mechanism for securing that assistance. Availability of third party sources often determines the amount of assistance an employer needs to provide. The primary options for this kind of assistance include federal HOME funds and state down payment assistance programs, which often can be combined with other public, foundation, or non-profit resources to increase the total assistance amount.

There are essentially two levels of assistance to consider when designing a program: meeting minimum down payment requirements and reducing the principle amount of the employee's mortgage. The amount of assistance is determined first by the size of contribution by the employer and the total number of employees targeted for participation in the program. While this presents the ultimate limiting factor for the scope of the program, there are multiple factors to consider when determining how much assistance is needed to be effective in a given market and also be a significant incentive to employees. Underwriting standards, housing market conditions, availability of third party subsidy, as well as the gap between the income level of participating employees and housing costs are all important aspects of assessment prior to program design.

- Down Payment and Closing Costs Assistance. One of the growing challenges facing potential homeowners is increasingly stringent underwriting standards used for mortgage qualification, resulting in requirements for larger down payments and increasing closing costs associated with rising mortgage insurance rates. Providing cash assistance to homebuyers is the most effective way to overcome this primary barrier to home purchase and remains the most common form of employer housing assistance. Likewise, this type of direct cash assistance is a very attractive option to employees, incentivizing them towards homeownership while also serving as a compelling component of a larger benefit package, which can aid recruitment efforts. In many cases employer contributions can also be combined with other sources of assistance to maximize the investment from the employer and the benefit to the employee.

  In markets where the cost of housing is commensurate with average wages, assisting with the minimum down payment or closing costs, or portion thereof, can be an effective tool to assist potential homeowners. This model is desirable because it represents a relatively small investment on the part of the employer and also requires cash investment on the part of program participants. Having some portion of the down payment and closing costs required from the purchaser has been statistically shown to increase the sustainability of homeownership with far fewer foreclosures than in home purchases where the buyer has made no up-front investment in the purchase. Likewise, many mortgage products now require that the buyer provide a portion of the down payment and closing costs, even if there is sufficient third-party assistance to cover the entire required down payment and closing costs.

- Principle Reduction. In high cost markets where there is a large gap between wages and housing costs, an employer may elect to contribute a sum greater than the minimum down payment with the goal of reducing the principle amount of the loan, making housing that is otherwise too expensive attainable. These higher levels of assistance are often secured by some form of financial instrument and require eventual payback at the time of sale or refinance. In scenarios where this higher level of assistance is contemplated, it is advisable to target the assistance level to reach a minimum 20% down payment, which eliminates the need for Private Mortgage Insurance (PMI) and significantly decreases monthly payment amount while increasing buying power.

Financial Structures for Assistance

Grants. The simplest way to structure assistance is through a one-time payment to qualified employees at the time of purchase with no ongoing financial instrument securing that contribution. This model is most often used when the contribution from the employer is of a modest size that isn't significant enough to justify ongoing administrative burdens associated with securing the assistance through financial mechanisms. This is also attractive to employees in that the benefit is “no strings attached”.

Deferred Payment Mortgages. In situations where there are higher levels of subsidy, there are a number of ways to secure the contribution for future recapture and leverage employee retention. Often these higher levels of assistance are secured with a financial instrument such as a lien, which can be formatted in several different ways to meet specific program goals. The simplest mechanism is a soft second mortgage. These mortgages require no monthly payments and occupy a subordinate lien position behind the first mortgage, only requiring payback at time of sale or cash out refinance of the home. This allows for the recapture of funds for a new homebuyer and the steady accumulation of program assets over time.

One option to consider in this scenario is whether to structure the mortgage as perpetual, meaning it is there until the home is sold, or forgivable, meaning the amount owed on the second mortgage would be released at the end of a set term or decrease incrementally on an annual basis until the loan is released. Forgivable loans are an approach that is particularly attractive for employees and can also aid the employer in employee retention efforts by combining loan forgiveness with employment term. Overall, soft second mortgages, both perpetual and forgivable, require relatively little administration, usually only at the time of mortgage subordinations and payoffs.

Low Interest Loans. The primary objective for a loan program is to help a prospective homebuyer assemble a 20% down payment in order to eliminate PMI, thus increasing borrowing capacity or lowering monthly payments. This model is often the least desirable for several reasons. An amortizing third party mortgage requiring monthly payment may not be compatible with many first mortgage loan products. Likewise, the collection and tracking of monthly payment represents a significant administrative burden that is often beyond the capacity of both employers and non-profit administrative partners. By requiring monthly payments, the loan may not significantly increase the buying power of program participants, and the prospect of a second housing payment may also prove unattractive to potential participants. These could be provided either directly by an employer or through a third party partner such as a bank or non-profit housing organization.

Individual Development Accounts. Individual Development Accounts (IDA) are publically assisted programs that incentivize savings for home purchase, educational expenses and business investments. IDA's can be formatted specifically as down payment savings accounts and represent a relatively common model for assisting low- and moderate-income homebuyers. In this model, an employee makes a regular contribution to a savings plan, which is matched by the employer (and potentially public sources) either incrementally or at the end of a term. These programs are often combined with financial literacy counseling and education to ensure that the buyer is mortgage ready when their contributions come to maturity. IDA's can be particularly attractive when combined with other sources of funds available from public entities, which can greatly leverage employer investments two or even three times over. IDA accounts are typically operated out of Community Action Agencies or other non-profit structures that is often required for leverage of additional funds, although an employer who is not seeking third party sources may elect to run an IDA program on their own. It is still recommended that a non-profit partner provide the financial literacy and homeownership education components of the program.

Group Mortgage Origination. Group mortgage origination plans are a basic way of establishing a platform for a more broad set of services. This approach is essentially a volume discount agreement in which a lender agrees to lower rates, reduced closing costs and lower application fees. This model requires certain economies of scale and may be less feasible in the current mortgage market and in the context of Lea County housing demand. The benefit to employers is that it requires little or no investment other than the administrative and staff time to negotiate the agreement with the lender. This would need to be negotiated by an employer or group of employers, or by a third party on their behalf. It remains to be seen if the scale of participation in EAH programs in Lea County would be significant enough to leverage meaningful discounts.

Loan Guarantee. In some models employers elect to provide a mortgage guarantee for the employee, eliminating the risk for the lender. Additionally, this guarantee would also eliminate the need for the buyer to carry private mortgage insurance, lowering the monthly mortgage payment significantly. Eliminating risk for the lender also may lead to more flexible underwriting for the prospective buyer as well.

Direct Mortgage Provision. Very large employers with ample assets may also directly provide mortgages for employees electing to create their own underwriting guidelines. This allows the employer to create underwriting standards and interest rates that offer more extensive benefits than mortgages generally available in the open market.

Rental Assistance Programs

Rental assistance programs are particularly important for assisting lower income employees for whom homeownership may not be an immediate and/or realistic option. This type of assistance can be structured as an ongoing stipend, one time payment tied to relocation or even the provision of housing through master leases or employer developed rental housing.

Stipend Model. This type of program can be formatted in multiple ways to serve the specific needs of employees as well as the capacity of the employer. A common structure is to provide a one-time payment to cover some of the costs of relocating closer to the place of employment. This type of assistance may pay for a security deposit, one month's rent, moving expenses or a combination of the three. As a one-time investment, this is a particularly attractive model for employers and is relatively low cost, requires little administrative capacity and provides ongoing benefits to the employer.

In higher cost areas or when assisting lower wage employees, it may be necessary to create an ongoing rental subsidy that can be formatted as a monthly stipend to help offset the costs of high rent. This assistance is designed to eliminate the gaps between market rent and the housing budget of employees. The negative aspect of this program is that it creates an ongoing financial responsibility for the employer as well as an increased administrative burden over a one-time payment model. When using this model, employers often elect to include both time limits for program participation as well as requiring homebuyer training and education that prepares renters for eventual homeownership.

Employer Provided Rentals. Employers may also elect to create employee rental programs through the direct provision of rental housing. This may include the construction, purchase, or master lease of rental units. This type of program takes significant amounts of resources and requires considerable administrative oversight, but if structured correctly reduces the ongoing need for cash outlay by the employer significantly.

Supply Side Assistance

Supply side assistance generally refers to support from employers for the development of affordable housing. Like direct consumer assistance, there are a multiple types of assistance that can be tailored to the capacity of the employer and the specific needs of their employees. These models typically require partnership with a development entity or nonprofit housing provider. There are several ways to structure this type of partnership.

Direct Cash or Land Contributions. One of the most straightforward forms of employer assistance, this model includes the direct provision of developable land or capital for housing development. This assistance is coupled with agreements that detail predetermined levels of affordability and secures a minimum number of units for employees. This type of employer contribution is also generally eligible for a New Mexico Affordable Housing Tax Credit for the amount of the contribution or fair market discount benefitting income eligible families.

Gap Financing. With this form of development assistance, the employer provides credit or capital for the gap between the developers existing equity, capital and borrowing capacity to assist with the realization of a development project. In exchange, the developer agrees to provide housing at a certain price point and include a specific number of units for the employer.

Leveraging Credit. In this model, similar to an individual mortgage loan guarantee, the employer uses its financial resources to guarantee the construction financing for a developer or directly provide construction financing to a developer in exchange for affordable employee housing. This is particularly important as construction lenders are under considerably more strict underwriting standards that typically now require a presold unit and minimum 20% equity in the project to fund.

Purchase Guarantees. This type of developer agreement is a commitment to purchase a certain number of units in a development. This would be carried out by an employer executing an agreement for a certain number of homes at a specified price point. The homes would then be made available for employee purchase. Through the agreement, the employer assumes the risk if there is no employee available to purchase the home. This will allow for the developer to more easily acquire construction financing as having a home presold is an increasingly common requirement for construction financing underwriting.

Collaboration

At the core of all successful EAH programs are strong collaborative relationships between private businesses, nonprofit and public sector entities. While the businesses may have the capital to invest in an EAH program, they typically do not have the expertise to manage or administer many aspects of an EAH program. Likewise it is attractive for prospective employee participants to have a third party rather than their employer, review their personal financial information confidentially. In may instances, municipalities and states contribute additional funding or incentives while a nonprofit housing provider assumes many of the program related components including administration and delivery.

Employers. Typically, employers provide capital for the program and manage outreach and marketing to their employees. While typically adept at business management, most businesses lack the capacity to delivery housing services such as financial counseling, education and qualification of applicants for third party funding sources. These core program components are essential for success and ensure that all program participants are accessing prime financing and sustainable post-purchase financial situations.

Nonprofit Housing Providers. In most programs, nonprofits deliver critical housing counseling and education services to complement an EAH program. Properly trained and educated buyers can help ensure a pipeline of qualified buyers. Furthermore, nonprofits have the track record and infrastructure for monitoring, assessment and delivery of housing programs and services, as well as access to capital only available to nonprofits. They likewise have skills to perform income certification and documentation, which is critical if private funds are to be matched with public monies. Housing nonprofits also possess intimate knowledge of local real estate conditions which can be particularly helpful at the program design stage, as well as in assisting individual homebuyers as they seek housing.

Local, State and Federal Government. There are a variety of ways that governments at all levels support employer assisted housing models. EAH programs are typically seen as a benefit to the larger community as they generally address community housing and economic development goals. The type of assistance can range from direct subsidy, streamlining of regulations and provision of infrastructure depending on the resources available in a given area.

- Financial Assistance. Direct financial assistance to support EAH programs can be found at multiple levels of government. This can include state and federal level matching funds that are available for down payment or IDA programs. One underutilized resource in New Mexico is the State Affordable Housing Tax Credit. This mechanism allows a business or private individual to recover 50% of their investments in housing for income-qualified individuals through a reduction in state tax liability. These credits are also transferable if a particular entity cannot realize the full value of the credit due to low tax liability.

- Simplified Permitting. Obtaining planning permissions for new developments can add substantially to the cost of new developments, negatively effecting affordability. Housing development projects that include affordable workforce housing can be allowed an expedited review process as well as a reduced fee schedule which both contribute to affordability and the expeditious construction of new housing.

- Infrastructure Development. In recent years, municipalities have increasingly shifted the cost burden of new Infrastructure (water and sewer lines, roads, utilities) to property developers. Public financing of infrastructure can substantially reduce the initial costs of development and lessen the financial burden on developers. Infrastructure financing can be accomplished through the municipality’s regular capital improvement budget, CDBG funds, special assessments or tax increment financing.

Third Party Assistance. There are numerous other third party groups that can be of value to an EAH program. For instance, charitable foundations can be approached to underwrite the creation or an EAH plan, or match employer funds for down payment assistance. Real estate professionals often represent a value added addition to EAH programs. Realtors can be engaged to offer services to homebuyers to assist in locating a home and completing the purchase transaction as well as assisting with homebuyer education activities. Other housing professionals such as closing agents or insurance providers can also contribute through the participation in homeownership education classes and discounted fees for program participants. Industry groups such as Chambers of Commerce are also viable partners and can assist with outreach and program development.

Technical Assistance Providers. There are resources available both within New Mexico and nationally that can assist with the development of Employer Assisted Housing Programs.

- HUD's HOME program technical assistance: http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm
- Neighborworks America (national housing technical assistance provider): www.nw.org
- Metropolitan Planning Council (creator of the REACH program and 11 other programs around the country): http://www.metroplanning.org/work/project/8
- Freddie Mac's Workforce Home Program: http://www.freddiemac.com/corporate/citizenship/community_programs/underserved.html
- New Mexico Mortgage Finance Authority: www.housingnm.org
- Homewise (Santa Fe based housing non-profit that operates a successful coalition employer housing program): www.homewise.org

"Best Practices" Employer Assisted Housing Models

Underlying all successful EAH's are strong public/private partnerships that leverage the capacity and strength of private employers, local housing nonprofits, as well as local governmental jurisdictions. In many cases, states and municipalities provide matching funds for homebuyers that qualify for other housing programs, thus magnifying the impact of employer investments.

REACH. One of the most successful employer assisted housing programs in the nation is the Regional Employer-Assisted Collaboration for Housing (REACH) that serves the greater Chicago area. Designed through a collaboration between the Metropolitan Planning Council, a non-profit planning and policy group, and Housing Action Illinois, a statewide coalition of housing providers, the program has grown exponentially since its founding in 2000. In the last 11 years REACH assisted over 1800 homeowners and now represents a coalition of over 100 employers and dozens of housing nonprofit partners located regionally within the project area.

The REACH program is one of the most successful models of a private/public partnership. Public funds are leveraged 5:1 with private sector dollars, while employer contributions are leveraged 2:1 with equal investments from the county and state for qualified purchasers.

The core of this program's success lies in its systematic approach and flexibility to work with a variety of employers of different sizes, needs and locations. When engaging a new employer partner, REACH undertakes a systematic process of program assessment that includes comprehensive internal analysis of employer needs, employee surveys, and cost benefit analysis of the program. REACH then undertakes a facilitated program design process, followed by execution of written agreements, program marketing and launch, as well as ongoing implementation, evaluation and administration.

Employers contribute $1000-$15,000 per participating household with a committed minimum program investment of $10,000. One of the most attractive aspects of this program is the availability of Illinois State Tax Credits specifically designed for employer assisted housing. To qualify for the state tax credit, Illinois employers can offer down payment and closing cost assistance, reduced interest mortgages, mortgage guarantee programs, rent subsidies, or individual development savings account plans to their employees. Investments in counseling and program administration are also eligible costs.

REACH partners with nonprofit, community-based organizations with expertise in the local real estate market, as well as experience or training in administering housing assistance programs. They work with employees individually, keeping their personal financial situations completely confidential, which relieves employers of potential intrusions into employee privacy. REACH partners also help employees leverage any available financial resources, including public and private programs. They are the approved nonprofit intermediaries who can access the state matching funds and tax credit programs.

This consortium model is particularly attractive for development in Lea County, as a single non-profit housing entity could assume the central role for program assessment, design and delivery, while engaging numerous employers of all sizes.

Aurora Healthcare. The Aurora Healthcare EAH program represents a very successful single employer model that includes 13 hospitals and 100 clinics with over 26,000 employees in Milwaukee, Wisconsin. This model is of particular interest because it been subjected to systematic quantitative assessment of bottom line benefits to the employer.

The program is structured so that any employee in good standing who has been with the organization for one year is eligible to receive a $3,000 5-year forgivable loan to use towards down payment and closing costs that is coupled with homeownership education and counseling services. In 2008, the Center for Housing Policy conducted a systematic assessment of program outcomes across a variety of quantitative measurement. The results show significantly higher levels of employee performance as indicated by annual reviews from participating employees. Additionally, employees participating in the EAH demonstrate approximately half the turnover rate of the larger employee population.

By making a modest investment to provide these benefits, employees greatly benefit from direct financial assistance, housing counseling and training and the realization of homeownership. In return, Aurora clearly receives a quantifiable bottom line benefit. EAH participants prove to be better performing employees who stay with the organization longer. Aside from the direct benefits of reduced training and recruitment costs, the reduction in turnover also correlates to increased workplace stability, productivity, and morale.

Appendix D: ORDINANCE RECOMMENDATIONS

Future Affordable Housing Ordinance(s)

A proper umbrella affordable housing ordinance will satisfy the requirements of the New Mexico Affordable Housing Act and define the standards for eligible projects, qualified grantees and create mechanisms for securing municipal contributions for affordable housing. The following describes the primary components that are essential to a fully functional future affordable housing ordinance in Lea County.

Project Solicitation

The ordinance should clearly define a process for the solicitation of proposals for affordable housing development. This should include definitions of eligible grantees (both individual and organizational if mechanisms such as down payment assistance are included), project standards, submission and review procedures. Because of the limited nonprofit development capacity in Lea County, the County's ordinance may allow for participation of private sector builders and developers. The private sector participants will be subject to the same verification and documentation requirements as all other grantees to ensure that public contributions are being used appropriately.

Income Mix

The ordinance needs to provide clear guidelines regarding the income ranges served by the project. This should be established based on a combination of actual community housing needs and best practices regarding mixed income projects. It is also critical that these requirements do not preclude the economic feasibility of development projects. Typically these guidelines would specify which requirements apply to homeownership activities and those that are pertinent to rental projects. This is particularly important in activities where municipalities are dedicating land or other resources to private developers.

Based on the data contained in this report it appears that there are three income tiers appropriate subsidized homeownership. These range from 0-50% AMI, 50-80% AMI and 80-100% AMI. A market rate workforce housing tier may be added to this mix for earners up to 120%, the costs of which would be borne by the private sector.

> **Tier 1 0-50% AMI**- This category is precarious for homeownership. The cost of large repairs to a home could amount to the equivalent of a year's wages. As such, people in this income range should generally be considered for homeownership only in new construction scenarios. Potential homebuyers below 50% AMI should be thoroughly vetted and receive not only homebuyer training

but individual counseling for financial feasibility as well. Despite the challenges, this income range is important in that it represents 25% of Lea County population. Housing development in this income range is eligible for federal housing development assistance. This income range is also the primary service population of organizations such as Habitat for Humanity.

Tier 2 60-80% AMI- This is a primary target range for homeownership and represents the upper threshold for Federal assistance through the US Department of Housing and Urban Development. This income range represents 19% of Lea County population.

Tier 3 80-100% (120% Rental) AMI- This income range represents 10% of Lea County's population and is the upper limit for assistance for homeownership programs receiving municipal donations. The upper limit was set at 100% of AMI on the basis of ample availability of housing affordable to those over 100% AMI. While there remains some lack of product for those over 100% AMI, the gap is not justifiable enough to provide public resources for support.

The income breakdown for rental is similar to homeownership with the exception of raising the upper limit of Tier 3 to 120% AMI. The reason for this higher threshold is the overall lack of decent rental housing available to people in this income range. Numerous employers related employees' difficulty finding decent housing in this income range. Even minor municipal donations would likely leverage large amounts of support from private employers interested in producing housing in this range.

In all circumstances direct subsidy should be scaled appropriately with higher amounts of subsidy dedicated to the lower income tier. The reason for this is twofold. First, the lower income a family is the more subsidy required to make a home affordable. Secondly, the lower income a family is, the more limited they are in the amount of available housing. In these ways need track directly with income.

Income Certification

A critical aspect of any affordable housing program design is proper determination and documentation of family income level. This is a standard requirement of the New Mexico Affordable Housing Act, but it also should reflect local needs and conditions. Typically, qualification activities will vary depending on whether proposed project is a rental or homeownership project, and depending on the other sources of federal and state funding that are part of the project budget, as they are subject to their own tenant qualifications. Additionally, the income certification process needs to be tied to clear application procedures, documentation requirements and response deadlines to ensure a timely processing of applications. It is also advisable for these activities to be carried out by a third party "agent" such as a nonprofit housing provider. Lea County Housing Inc. is the obvious partner to contract for these activities as they have an existing infrastructure for homebuyer training and education as well as other income qualifying activities through the home rehabilitation program.

Pricing

Proper sales pricing and target rents will ensure that qualified grantees are not cost burdened by high monthly payments and that proposed development projects will meet minimum qualifications under the Affordable Housing Act.

Homeownership. For single family development, there are two basic approaches to establishing pricing: one that establishes blanket pricing for an entire income range, and a more refined approach that establishes the price based on the actual income of the purchasing family. A blanket approach bases the effective sales price on a formula that uses the assumed average affordability for an average sized family within a given income range (very low, low and moderate income). Mortgage capacity is then imputed based on current prevailing interest rates. The more custom approach ties the effective price to the gross income of the specific homebuyer. The resulting subsidy amount is based on their actual mortgage capacity as established through a mortgage prequalification procedure.

Table C-1: Affordable Home Price Ranges

	1BD/Studio	2BD	3Bd	4bd
<50% AMI	Low-$39,187	Low- $44,691	Low- $50,415	Low- $64,945
	High- $72,650	High- $83,218	High- $93,565	High- $103,912
50- 80% AMI	Low-$72,650	Low- $83,218	Low-$93,565	Low- $103,912
	High- $116,240	High- $132,972	High- $149,483	High- $165,995
80-100% AMI	Low- $116,240	Low- $132,972	Low- $149,483	Low- $165,995
	High- $145,080	High- $165,995	High- $186,689	High- $207,383

The latter method is preferable because it is based on the individual homebuyer’s ability to pay rather than using an income range to establish subsidy amount where there is a risk of cost-burdening those that fall into the lower part of the range and slightly over-subsidizing those that earn at the top-end of the range. A further advantage to customizing sales prices to individual incomes is that it maximizes the effective use of program resources. A potential consideration is that each transaction requires more program administration because it requires establishing a unique sales price that needs to be calculated and documented based on the specific family being assisted. However, with the relatively modest scale of proposed future development in Lea County the latter approach should not place an undue administrative burden, particularly if this type of activity is contracted out to an agent such as LCHI.

Rental Pricing. For rental projects, the ordinance should establish appropriate target rent levels that correspond to the monthly affordable housing payment at benchmarked income levels by AMI. If the local ordinance ties these target rents to those required by federal and state subsidy programs, it increases the likelihood of attracting future development. Lea County may include more stringent requirements to meet local needs, for instance, increasing the number of units required at lower income levels. As always, affordability is best defined by the conditions for a particular family's income situation and as with homeownership calculations, is best calculated at 30% of gross income on a case-by-case basis.

Table C-2: Affordable Rent Ranges

	Studio	1BD	2Bd	3bd
<30% AMI	High- $223	High- $254	High- $286	High-$318
<50% AMI	Low- $223	Low- $254	Low- $286	Low- $318
	High- $413	High- $473	High- $531	High- $590
50- 80% AMI	Low- $413	Low- $473	Low- $531	Low- $590
	High- $660	High- $755	High- $849	High- $943
80-120% AMI	Low- $660	Low- $755	Low- $849	Low- $943
	High- $989	High- $1,130	High- $1,271	High- $1,413

Securing Subsidy

It is essential to establish within the ordinance consistent methods for calculating the amount of subsidy in a given project and provide clear direction as to how that is secured. Investments in affordable rental projects should include mechanisms to secure municipal contributions such as land or infrastructure provision through liens and other restrictive mechanisms.

Affordability Periods. The New Mexico Affordable Housing Act mandates specific affordability periods for municipal contributions to affordable housing projects. In other words, the subsidy must be secured for a set period of time so that if the subsidy user sells or leaves the home, the subsidy is recycled to another buyer, instead of becoming a windfall profit for the original buyer. Table C-3 demonstrates the minimum affordability periods under the Affordable

Housing Act. It is important to note that Lea County may elect to create longer affordability periods.

Table C-3: Mandated Affordability Periods

Subsidy Amount	Affordability Period
$1-14,999	5 Years
$15,000-$40,000	10 Years
$40,000-$100,000	15 Years
$100,000+	20 Years

Subsidy Calculation. For single-family projects, guidance within the ordinance should include a subsidy calculation based on the difference between the effective sales price and market value. It is also worth considering basing this calculation on an amount less than the full appraised value (such as 95% or 97%) to create a small equity buffer to protect homebuyers against variability in the housing market. The ordinance should also establish clear conditions for refinance, payoff and lien position.

Methods for Securing Subsidy. There are three methods for securing subsidized value through liens in single-family development scenarios:

1) Forgivable Lien. This time-limited method of securing subsidized value is the most beneficial for a program participant's long-term asset growth. As a subordinate lien to the first mortgage, this requires no monthly payments, and is paid at the time of sale or cash-out refinance. The amount of the lien would gradually be forgiven over time, or extinguished after a predetermined period, allowing the full realization of the subsidy value in the form of equity for the family, along with the full increase in value of the home over time. For instance, a loan term could be structured for 10 years, or incrementally decrease 10% a year, both resulting in the mortgage being released after the end of the ten-year period. The period of forgiveness would have to meet minimum standards required under the affordable housing act.

This type of lien mechanism would be an appropriate fit for Lea County in that it would provide a needed incentive in the form of an eventual grant for potential buyers, which could help overcome hesitancy towards homeownership. This lien format also provides motivation for a homeowner to stay in that unit for the duration of the affordability period to have their assistance convert to a grant. This motivation towards longer housing tenure can help stabilize communities that typically experience more transient habitation patterns. The potential downside is that because a portion of the liens will be forgiven, this approach does not provide as much opportunity for the municipality to recapture donations or amass program assets over time.

2) **Perpetual Lien.** A perpetual lien secures the subsidy amount for the entire period of time that the program participant occupies the home. This type of lien requires full payback of the subsidy amount at the time of sale, transfer or cash-out refinance regardless of how long the buyer occupies the home. This model allows for a balance between the goals of program resource recapture, which leads to the steady accumulation of program assets for Lea County affordable housing programs over time, while still allowing for the full realization of the increase of value of the home for the homeowner. Many times this type of structure allows the subsidy lien to be assigned to an income-qualified family member in the event that the homeowner passes away. This approach is also desirable because it is relatively simple to administer.

3) **Shared Equity Lien.** Like the previous two subsidy models, a shared equity mortgage does not require monthly payments and would only be repaid at the time of sale or cash-out refinance. But this model not only provides for the recapture of the initial subsidy amount, but also a portion of the property's increase in value over time. For instance, if 25% of the value of the home purchase were subsidized, then the family would repay not only the initial subsidy value, but also 25% of the increase in value of the home during the period of occupancy. This method is most popular in very high cost, high appreciation markets and allows for program resources to grow over time to better keep pace with accelerating home prices. While most favorable from the perspective of long-term program resource accumulation, it has the least beneficial effect for the long-term asset accumulation of program participants. Likewise, it is the least marketable to potential program participants and presents certain administrative burdens. For these reasons this approach is not a good fit for Lea County.

Affordable rental projects that receive municipal investments should also have clear mechanisms for securing these donations along with appropriate long-term affordability mechanisms. It is recommended for the county or local municipality to place a lien securing the total amount of the donation for the appropriate period under the NM Affordable Housing Act while also establishing baselines for affordable rents and required documentation through some sort of agreement with either the developer or operator of the property. The lien would serve to recapture municipal resources in the case that the property failed to provide affordable rents as outlined by the ordinance.

One potential challenge of housing to development within Lea County are scenarios where a municipality has dedicated resources to housing activities where the direct costs incurred and market value of the contribution are significantly different. For instance, a municipality may dedicate an abandoned property for rehabilitation whose direct cost to the municipality is limited to the costs of acquiring through condemnation, yet the fair market value exceeds this cost significantly. If the municipality was to secure the full market value of the property through a lien mechanism, this could often present a situation where the total cost to redevelop would exceed the fair market value of the improved property. In these situations it would be beneficial to have the option of only securing the hard costs of acquisition (in this scenario legal fees and administrative time) through liens and satisfy the mandated affordability period (which is based on fair market value) through a mechanism such as a deed restriction. Language within the New Mexico Affordable Housing Act is not clear in this regard though conversations with senior staff at the Mortgage Finance Authority indicate that this is an acceptable approach. This could prove an incredibly useful tool to bring much needed revitalization to communities within Lea County that are struggling with high numbers of abandoned homes.

Subordination

The last important consideration in regards to securing subsidy in single-family projects is the creation of rules for subordination of subsidy mortgages in the event of refinance. Typically, affordable housing programs prohibit the refinance of homes with a few important exceptions. These include simple rate-term refinances aimed at achieving a lower monthly payment for buyers. This still has implications as it resets the amortization schedule of the loan, affecting the percentage of principle and interest apportioned in the monthly payment, essentially slowing principle reduction. Given that for many moderate-income homeowners, the equity in their home is their single biggest financial asset, there are circumstances where allowing cash out refinancing is recommended - such as for home repairs, home expansion, medical expenses and college tuition.

Appendix E: FUNDING SOURCES FOR AFFORDABLE HOUSING

Development Financing Needs

There are four types of financing needs related to single family home production and multifamily development: 1) capacity support (to build capacity of the developers, service providers and homebuyers and supportive services for renters); 2) securing seed money and predevelopment funds; 3) paying for land acquisition, infrastructure needs, environmental issues, home construction and any other interim needs; and 4) establishing affordable, permanent financing (homeowner debt or permanent affordability controls such as a land trust).

In New Mexico, there are several sources of funding available to meet these needs and innovative ways to co-mingle these funds through the establishment of public/private/nonprofit partnerships. The final consideration is to bring down the public cost of the development so that some of the homes and rental units can be reserved or set aside for those homebuyers or rents earning substantially less than the area's median income. The following budget provides a breakdown of potential sources commonly used in housing development projects in New Mexico and/or could be applicable in Lea County.

Capacity Building (Organizational). Capacity building is generally provided through training, technical assistance and program development. Funds to support this activity are usually restricted to nonprofit service providers. For a development project, the most common assistance provided to developers is accessing funding, both for leveraging other funds, discounting the final cost of the development and providing support during the process. Table E-1 outlines sources of technical assistance, presented in alphabetical order, and how they may be used in Lea County.

Table E-1: Technical Assistance

Program/Funding Source	Objective	Application in Lea County
Corporation for Supported Housing (CSH)	Provides training re. housing development, provision of housing services, case management for supported housing.	Given lack of supported housing outside of Hobbs, could be useful resource to build capacity in rural communities.
Enterprise Community Partners	Provides training for service providers, builders, public agencies; assists with financing packages, accessing funding, and applying Green Communities criteria to make existing and new housing energy efficient.	Previous experience in Lea County and with rural counties in other states with similar oil/gas-based economies and housing situations.
Housing Assistance Council	Assists rural communities with accessing financing for predevelopment, acquisition and other preconstruction costs; self-help housing; capacity building and partnerships; access to national trainings and webinars regarding affordable housing development, management and financing; and access to green building/healthy homes funds.	Could provide support for self-help housing; access to green-building funds and support for partnerships; offers national conferences on project construction, management as well as issues affecting special groups.
HUD Housing Counseling Assistance Program	Provides funds to HUD-approved nonprofits for homebuyer counseling programs and is administered through NMMFA.	Funds were cut in HUD's 2012 budget however, Congress is currently considering restoring funds at a reduced level.
Institute for Community Economics	Provides funding, technical assistance, with focus on establishing community loan funds and land/housing trusts.	Use of land trust mechanism could be useful in Lea to further bring down costs of housing.
Local Initiatives Support Coalition (LISC)	Supports comprehensive community development – housing, economy, schools – through technical assistance and loan program. Also has Green Development Center dedicated to making affordable housing more energy-efficient.	Through its Housing Authority Resource Center (HARC) could build capacity of housing authorities serving Lea County and getting more private landlords to participate in Sect 8.
Neighborworks Training Institute	Offers courses in housing counseling, foreclosure, real estate development, management, financial capability.	Award-winning Neighborworks organization based in Santa Fe - opportunity to implement "best practices" in Lea County.
Rural Community Action Coalition	Capacity building in rural areas - community needs assessments; improving area-wide collaboration; securing project financing, professional services	Assisted LCHI with development pro-forma for Tatum project; good resource for building partnerships, capacity of local entities.
Technical Assistance Collaborative (TAC)	Specializes in homeless services, including transitional and permanent supported rental housing.	Has assisted numerous groups in NM; good resource for Lea County to address lack of homeless services.

Pre-development, Acquisition, Infrastructure, Construction and Gap Financing.

Pre-development costs include: architectural and engineering services and other planning-related activities that are essential to getting a project built. However, this type of funding is sometimes more difficult to raise than actual construction financing. There are several sources available to ensure that any gaps in predevelopment funds don't jeopardize the project. Seed money is used to leverage additional funds and is often a critical component in demonstrating a jurisdiction's commitment to building an affordable housing project. Other sources represent opportunities for acquisition, land development construction and gap financing. These funds are used for all costs associated with the actual building of the project. Some of these funds are used as "guaranty" to leverage private investment when a private lender might not be willing to take a risk on an affordable project. Table E-2 demonstrates the use (acquisition, construction, permanent, gap), the project type (homeownership, rental, special needs), and the eligible recipients (non-profit, for-profit, public sector), along with contact information and website as available.

Table E-2: Development Financing Sources

Program/Funding Source	Use	Project Type	Recipient	Contact
Enterprise Community Partners/HUD www.enterprisecommunity.org	PD	HO, R, SN	NP	David Steele 505-438-2350 dsteele@enterprisecommunity.org
Primero Loan Program (MFA) www.housingnm.org/developers	A, C	HO, R, SN	PU, NP, FP	Felipe Rael 505-767-2249 frael@housingnm.org
542C FHA Insured Loan Program (MFA) www.housingnm.org/developers	A, C, P, RE	R	SE, NP, FP, LLC, JV, P	Dan Pucetti 505-767-2151 dpuccetti@housingnm.org
Access Loan (MFA) www.housingnm.org/developers	A, C, P	R	NP, FP, LLC, JV	Dan Pucetti 505-767-2151 dpuccetti@housingnm.org
538 Rural Loan Program (MFA) www.housingnm.org/developers	A, C, P, RE	R	PU, SE, C, P, LLC	Felipe Rael 505-767-2249 frael@housingnm.org
MFA Build it Loan Guaranty (MFA) www.housingnm.org/developers	A, C	HO, R	PU, NP	Felipe Rael 505-767-2249 frael@housingnm.org
HOME/CHDO Funds (MFA) www.housingnm.org/developers	C, G, P	HO, R	NP (CHDO's)	Dan Pucetti 505-767-2151 dpuccetti@housingnm.org
Community Development Block Grant**	A, P, G	HO, R	NP, FP	Delores Gonzales 505-827-4972 Dolores.Gonzales@state.nm.us
Federal Home Loan Bank (FHLB)-Dallas www.fhlb.com/community/ahp/	C, RE, G	HO, R, SN	NP	ahp@fhlb.com
Land Title Trust Fund (MFA) www.housingnm.org/developers	G	HO, R, SN	PU, NP	Dan Pucetti 505-767-2151 dpuccetti@housingnm.org
Low-Income Housing Tax Credit (MFA) www.housingnm.org/developers	A, C, P	R, SN	NP	Dan Foster 505-767-2273 dfoster@housingnm.org
NM Affordable Housing Tax Credit (MFA) www.housingnm.org/developers	A, C, P, G	HO, R, SN	FP, SP	Dan Foster 505-767-2273 dfoster@housingnm.org
NM Affordable Housing Trust Fund (MFA) www.housingnm.org/developers	A, C, RE	HO, SF	NP, FP, PU	Dan Pucetti 505-767-2151 dpuccetti@housingnm.org

PD-Predevelopment, A- Acquisition, C- Construction, RE- Rehabilitation, P- Permanent, G- Gap Financing, HO-Homeownership, R- Rental, SN- Special Needs, NP-Nonprofit, FP-For Profit, JV- Joint Venture, LLC-Limited Liability Company, SE-Single Entity, CO-Corporation, P- Partnerships PU- Public

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Permanent Mortgage Financing. These funds are used for the long term financing of a home and are provided directly to the consumer. Local lenders can play an important role in getting these loan products to borrowers; however, there is sometimes a perception that the subsidized products are more complicated to use. Or lenders aren't familiar with the available products. The New Mexico Mortgage Finance Authority has a list of approved lenders that are well versed in working with some of these products. There are similar lender approval processes for FHA and USDA as well. Relevant contact information and websites are included in the matrix.

Table E-3: Mortgage Financing Programs

Program	Income Range	Source	Contact
Mortgage$aver Program (MFA) http://www.housingnm.org/mortgageaver-programs	Low and Moderate	MFA Approved Lender	505-843-6881
HERO (MFA) www.housingnm.org/hero-home-equity-required-occupation	Low and Moderate	MFA Approved Lender	505-843-6881
FHA – Sect 203(b) insured loan http://www.fha.com/fha_loan_types.cfm	Low and Moderate	FHA Approved Lender	800-225-5342
FHA – Sect 245 Graduated Payment http://www.fha.com/fha_loan_types.cfm	Low and Moderate	FHA Approved Lender	800-225-5342
FHA – Energy Efficient Mortgage (EEM) http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/eem/energy-	Low and Moderate	FHA Approved Lender	800-225-5342
USDA – Sect 502 Loan Guaranty http://www.rurdev.usda.gov/rhs/sfh/brief_rhguar.htm	Low and Moderate	USDA Approved Lender	Carlsbad Office- 575-887-3506 X4
USDA – Direct Loan Programs http://www.rurdev.usda.gov/rhs/sfh/brief_rhdirect.htm	Very Low	USDA Local Offices	Carlsbad Office- 575-887-3506 X4
USDA Mutual Self Help Housing www.rurdev.usda.gov/rhs/sfh/brief_selfhelpsite.htm	Very Low	USDA Local Offices	Carlsbad Office- 575-887-3506 X4

Down Payment Assistance Programs

Down payment assistance is a critical tool for helping extend the affordability of homes for low and very low-income households, as well as for assisting moderate-income homebuyers access homes on the open market. There are a variety of sources that range from local to national. The HOME/CHDO and FHLB sources listed are development related and must be tied to housing development. General Fund sources are dictated by Municipal affordable housing ordinance and are guided by the gap and needs identified in the municipal housing plan. Generally, Home Rule municipalities have the freedom to use CDBG for down payment assistance as allowed by federal regulations, entities that receive their CDBG funds through the State are bound by State rules, which in some cases do not allow down payment assistance as an eligible activity. MFA down payment assistance program are available through MFA partner lenders.

Table E-4: Down Payment Assistance Sources

Program	Income Range	Terms	Contact
MFA Payment$aver www.housingnm.org/paymentaver	80% AMI	$8,000/0%	505-843-6881
MFA Mortgage Booster www.housingnm.org/mortgage-booster-0	120% AMI	$8,000/Amortizing	505-843-6881
MFA Helping Hand www.housingnm.org/helping-hand	80% AMI Disabled	$8,000/0%	505-843-6881
MFA HERO www.housingnm.org/hero-home-equity-required-occupation	120% AMI	8% of Sales Price/Amortizing	505-843-6881
Municipal General Funds*	As defined	As Defined	
CDBG**	80% AMI	As Defined	Delores Gonzales 505-827-4972 Dolores.Gonzales@state.nm.us
HOME/CHDO (housing development) www.housingnm.org/developers	80% AMI	Up to $14,999/0%	Dan Pucetti 505-767-2151 dpuccetti@housingnm.org
FHLB-Dallas (housing development)	80% AMI	Variable/0%	ahp@fhlb.com 505-843-6881

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Sample Development Flow Chart

Figure E-1 illustrates a standard development process, from the project concept stage, through pre-development and feasibility analysis to development and construction. This flow chart can be used as a planning tool for Lea County to better structure its development objectives and to evaluate available funding sources according to stage.

Figure E-1: Sample Development Process Flow Chart