

Eddy County Housing Analysis

Laying the Groundwork for Strategic Housing Development



New Mexico

CARLSBAD NEW MEXICO
department of development



Growth Lab

EXECUTIVE SUMMARY

Driven by sustained expansion in oil and gas, potash, and nuclear, Eddy County continues to experience strong job creation and population growth. However, housing supply has not kept pace. Based on current trends, the community is already operating at a deficit, with a **projected shortfall of more than 4,000 units by 2040**.

This gap is directly impacting workforce attraction and retention. Local employers report ongoing challenges recruiting and retaining talent due to limited availability, rising costs, and a lack of quality housing options, particularly for entry-level and essential workers. Low vacancy rates, aging housing stock, and increased reliance on temporary housing solutions are further compounding the issue.

This is not just a housing challenge—it is an economic development constraint.

In response, the Carlsbad Department of Development (CDOD), in partnership with regional stakeholders, convened a Housing Summit to identify barriers and accelerate solutions. Stakeholders consistently highlighted infrastructure readiness, development costs, construction workforce limitations, and market uncertainty as key challenges.

This report integrates those stakeholder insights with a quantitative analysis conducted in partnership with Harvard University's Growth Lab, providing a clear, data-driven understanding of both the scale of the issue and the factors driving it.

The takeaway is clear: the focus must now shift from discussion to execution.

CDOD is advancing a housing-forward economic development strategy focused on:

- **Increasing housing supply through targeted developer recruitment**
- **Advancing infrastructure readiness in key growth areas**
- **Supporting workforce and attainable housing aligned with local employment needs**
- **Aligning public and private partners around clear, actionable development pathways**

Housing is the foundation of workforce stability and long-term growth. Addressing this gap is critical to maintaining our competitiveness and supporting the industries that drive its economy.



PART ONE: EDDY COUNTY HOUSING SUMMIT



THE MISSION OF THE URBAN LAND INSTITUTE:

Shape the future of the built environment for transformative impact in communities worldwide.

CONNECT active, passionate, diverse members through the foremost global network of interdisciplinary professionals

INSPIRE best practices for equitable and sustainable land use through content, education, convening, mentoring, and knowledge sharing

LEAD in solving community and real estate challenges through applied collective global experience and philanthropic engagement

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WHY ARE WE HERE?

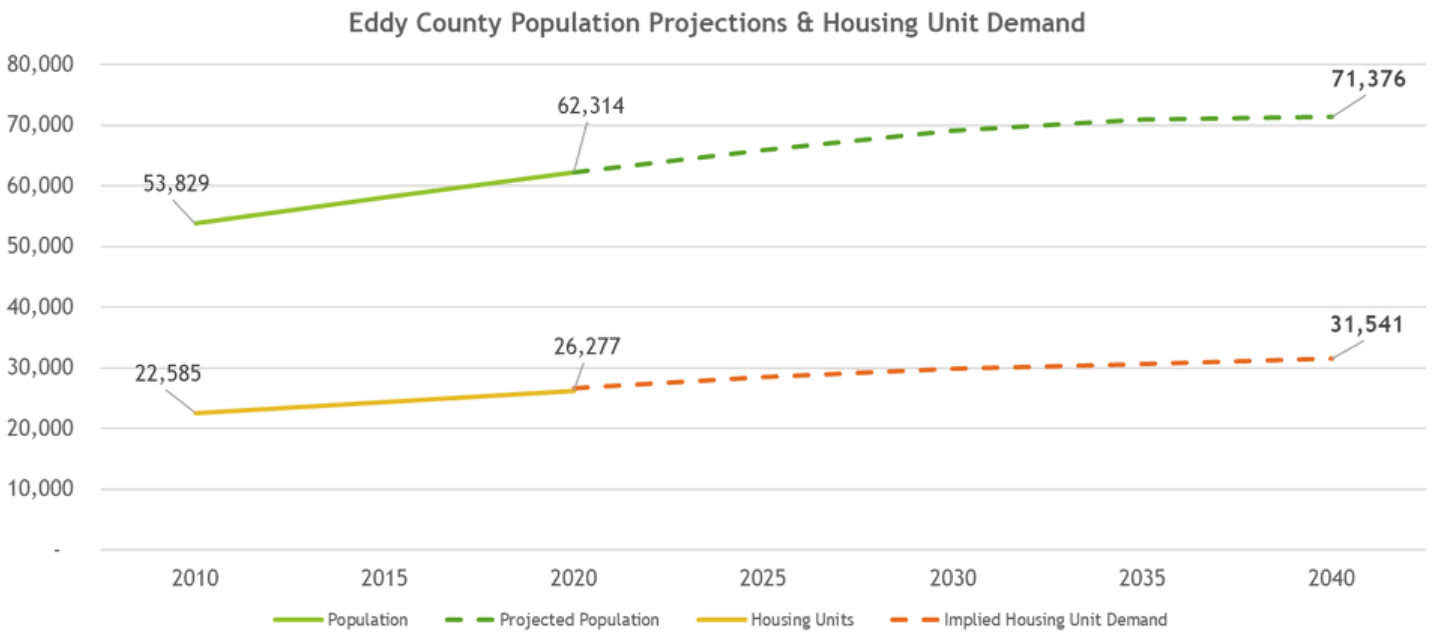
Based on historical population-to-employment and population-to-housing ratios, the 2024 employment data from the New Mexico Department of Workforce Solutions implies that Eddy County had a housing gap of 712 units at the end of 2024 and a projected housing gap of 4,098 units by 2040.

Eddy County Housing Demand Analysis Population to Employment - 2023 to 2024

Estimated Population	61,114	ACS 2023 5 Year Survey, Table DP05
- Population in Group Quarters	920	ACS 2023 5-Year Survey, Table B26001
= Population in Housing Units	60,194	
Total Housing Units	26,633	ACS 2023 5 Year Survey, Table B25001
- Vacant Housing Units	3,388	ACS 2023 5-Year Survey, Table B25004
= Occupied Housing Units	23,245	
Population in Housing Units	60,194	
/ Occupied Housing Units	23,245	
= Population to Housing Ratio	2.59	
Estimated Population	61,114	ACS 2023 5 Year Survey, Table DP05
/ 2023 Average Employment	31,163	NM QCEW 2023
= Population to Employment Ratio	1.96	
2024 Average Employment	31,996	NM QCEW 2024 (Jan-Sep)
* Population to Employment Ratio	1.96	
= Estimated Population, September 2024	62,748	
- Estimated Population in Group Quarters	945	(1.51% in 2023)
= Estimated Population in Housing Units	61,803	
/ Population to Housing Ratio	2.59	
= Estimated Occupied Housing Demand	23,866	
+ Allowance for Vacancy	3,479	(12.72% in 2023)
= Total Estimated Housing Demand	27,345	
- Total Housing Units	26,633	
= Estimated Housing Gap	712	September 2024, Based on Employment

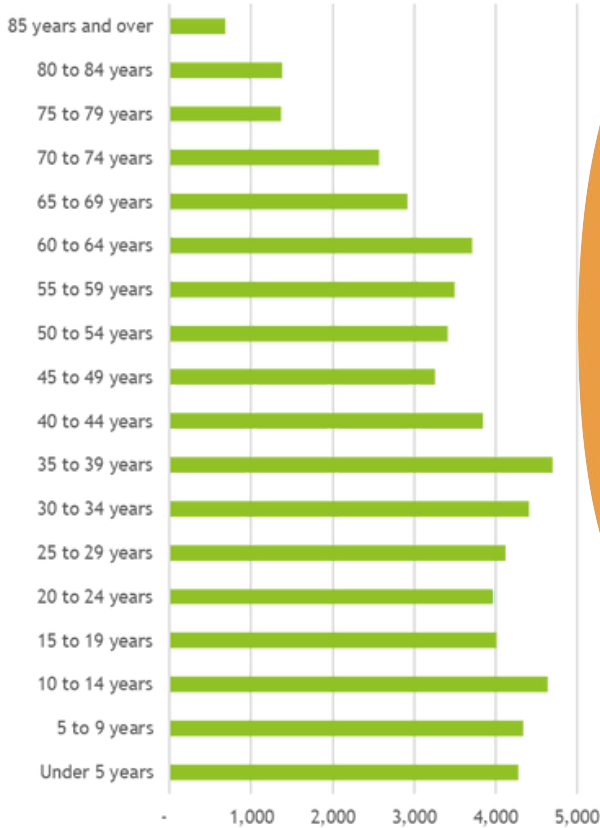
WHAT PROJECTED GROWTH MEANS FOR HOUSING NEEDS

UNM’s Geospatial Population Studies department projects 14.5% growth in Eddy County’s population between 2020 and 2040. This represents 9,062 additional people living in Eddy County across an implied 4,098 additional households.



DEMOGRAPHIC PRESSURE AND AGING HOUSING STOCK

Eddy County
Population Age Distribution



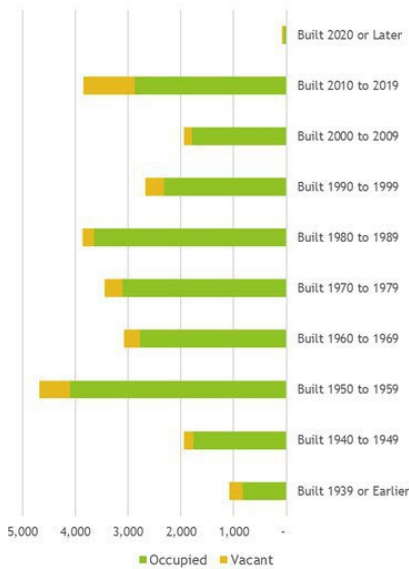
The younger population reflects a significantly larger household size than the state and nation.

The household size at 2.55 instead of 2.9 means an additional 1,000 units are needed by 2040. This represents the long-term trend that household sizes are decreasing across the state and nation.

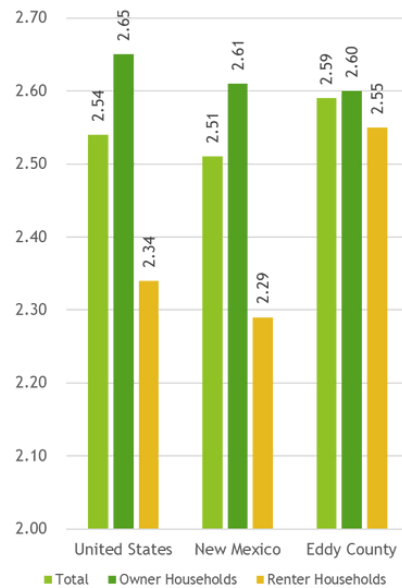
As kids move out, (when household sizes decrease), where will they live?

Old housing units (1977 median),

Eddy County
Age of Housing Units



Household Size by Tenure



Source: ACS 5-Year Community Surveys 2022

GETTING STARTED - BRAINSTORM

After opening presentations and a 10,000-foot view of the current housing situation in the area, participants at each table were asked to come up with a “team name”, a “team logo” and a “team motto”. Participants were then asked to consider one “housing creating superpower” that they would want to have if it were possible and to develop a “magic wand solution”.

In order to facilitate discussion teams were asked to consider the following:

1. The challenges they see with creating housing in Eddy County.
2. The “Ask” as defined by what would you ask for and from whom?
3. What resources would your idea need in order to be successful?
4. The Outcome of your approach defined in how many units could be potentially created.

Tables were set up with all items needed for each group to be as expressive in the execution as they desired, with the primary goal being to “create more housing units” by defining what they viewed as the issues and challenges each perspective sees as being associated with building (“creating”) new units and have a discussion surrounding possible solutions and what the implementation of their solutions could look like by explaining what resources would be needed, from who(m), and what outcome they would like to see if their magic wand solution “wish” could be granted (with the outcome expressed in the number of units created).

Teams worked diligently as facilitators walked around the room to capture the conversations and answer questions.

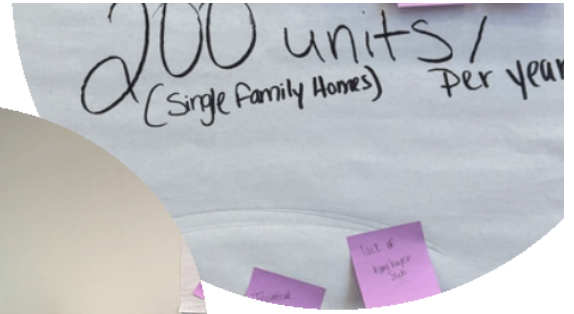
GETTING STARTED - BRAINSTORM



TEAM: CAVE PEOPLE

TEAM SUPERPOWER: SEE THE FUTURE

- Elena Gonzales
- Wendy Austin
- Daniel Fernandez
- Krishna Reddy
- Joe Koerper
- Amy Calderon
- Veronica Vazquez
- Joaquin Alaniz



CHALLENGES IDENTIFIED:

There's a lack of skilled trade, from Las Cruces along with the public schools. There's a need to train and educate the younger generation so the community can build homes.

SOLUTION:

Partner with oil employers to incentivize homebuilding for employees and discuss how to get them involved in down payment assistance. Funding for the down payment assistance can come from companies Conoco/Phillips, KT Homes, and developers. Start on 300 lots, 150 lots have been absorbed (driven by affordability). Using local financing will drive costs down to increase home prices.

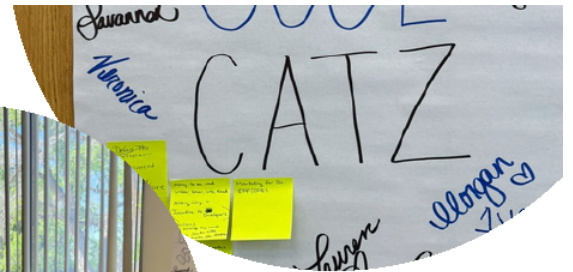
200 single family homes per year. KT Homes & other local builders built 100 units per year. This team is suggesting doubling this output.

200 SINGLE FAMILY HOMES/PER YEAR

TEAM: THE COOL CATZ

**TEAM SUPERPOWER: STOP TIME
(TO GET EVERYTHING DONE)**

- Savannah Cabazuela
- Veronica Methola
- Lauren Yarbrough
- Morgan Najar
- Kerri Fowler



CHALLENGES IDENTIFIED:

Listening, understanding the development costs, curb appeal with roads and water. If the city/county could assist with road and water costs, it would help.

- Infrastructure is not ready; dirt work; rooftops come before an industry – subcontractors leave if they are not working.

SOLUTION:

Development costs – ask the state and local government to create incentives for developers to come here and build 200-400 per year, 300 total in martin farms. 6 months for local government to bring in sewer, water, road, curb, developers build homes.

**200 UNITS SOUTH/400 UNITS NORTH -
600 UNITS TOTAL**

TEAM SUPERPOWER: LISTEN TO EVERYONE ELSE'S, AND TAKE THEM UNDER THE UMBRELLA

- Jeff Campbell
- Terri
- Colin Kruger
- Russ Cummins
- Justin Cooper
- RaeLynn Dunlap



CHALLENGES IDENTIFIED:

Getting builders to relocate to Carlsbad and do projects. It is hard for companies to mobilize and work here. It is a chicken and egg game, trying to determine cost effectiveness to miss out on something closer.

SOLUTION:

Get rid of man camps and turn them into permanent residents. The main problem is getting builders to come to Carlsbad, they need a longer scope of work. Is mayor aware of any options for infrastructure funding?

300 UNITS IN TWO YEARS, 600 OVER 5 YEARS

TEAM SUPERPOWER: LISTEN TO EVERYONE ELSE'S, AND TAKE THEM UNDER THE UMBRELLA

- Ashley Switzer
- Ashley Cass
- Cassie Florez
- Ericka Laney
- Nick
- Jeff Patterson
- Bri



CHALLENGES IDENTIFIED:

Attracting developers and builders who are doing 4,000 units at a time. They like bigger markets, and this industry is tied to oil and gas which is different than on the ground. High rates in the cities could attract builders, and a perception that it is a boom and bust market. Getting a big fish solves the problem, you need 5-10 years of work in front of them, continuity, and stability.

SOLUTION:

Tackle how to get big players in, and to ask PSP to partner with the city and to put \$50M in an escrow account to start the process. Longevity of 500 units per year, with infrastructure, and a 15-20 year timeline. For military and student housing for specialization – ask of oil and gas to donate unused land and get rid of per-diem in exchange for housing. \$50M in an escrow account is the best place to start to get the serious players in.

500 UNITS PER YEAR, 10,000 IN 15-20 YEARS

TEAM: FIVE GUYS HOUSING

TEAM SUPERPOWER: UNLIMITED MONEY

- Mike Gallagher
- Arturo Lujan
- Walter Lujan
- Hector Reyna
- Dominic Longoria



CHALLENGES IDENTIFIED:

Lack of subs and main contractors – Carlsbad is perceived as a high-risk area, on paper it looks like it is not a good investment. Third busiest intersection in the state is at the south Y. There is a large issue of looking here versus coming here. National chains want to come and they don't because of the perception of the financial risk.

SOLUTION:

Change the perception of risk in the workforce, partnership with county and city to build 200 units or 100 rooms. \$10M estimated for building for the workers to be housed and work to complete projects. 400 sqft, 2 bed 1 bath, build it fast to attract people. Rental rates would be going to the city/county as income.

1,400 UNITS

TEAM: SUBDIVIDERS

TEAM SUPERPOWER:

- Kathi Porter
- Ashley Curbello
- Stacey Blackmon
- Eddie Rodriguez
- Gary Lane
- Miguel Perez



CHALLENGES IDENTIFIED:

Lack of contractors and skilled labor – unemployment rate is at 2% and those people don't want to work. Everywhere has a labor need. Faulty census: these numbers are low counting. Logistical infrastructure is hard to get because the big money comes from back east and they look at the census. Larger communities receive people and funding. Ability to get materials, skilled labor, contractors, chicken and egg. Buy houses for contractors to live in while building.

SOLUTION:

Infrastructure and utility assistance, state and federal financial support to bring in arm bending for major utilities to come in and bring in financial support. Ask the reps from government (we are energy sector) the Permian basin would be the fourth largest producer, they could get funding back through GRT and property tax, looking to put in infrastructure for 1600 units, and asking for this over a five year period.

1,600 UNITS

TEAM: TEAM KARMA & PECOS HORIZON HOMES

TEAM SUPERPOWER: UNLIMITED CONTRACTORS

- Mary Garwood
- Jodie Chism
- Emily Wirth
- Susan Crockett
- Dakota Corbell
- Mark Chavira
- Douglas Clark
- KC Cass
- Mike Loftin
- Josue Ramirez



CHALLENGES IDENTIFIED:

Bringing in subcontractors or getting local ones to bid on jobs. Dunkin lost a contractor, then subs, it's a long process; In Texas subs don't have to be licensed, but in NM they do, this adds costs to building

Difficult to bring developers in when the perception is a oil and gas boom and bust. Even after 2020, it was a busy town. Underreporting on the census and the perception of boom and bust, marketing, incentives to bring in developers and being retained. Incentives on infrastructure, subsidizing developers.

SOLUTION:

Addressing developers targeting 2,500 new construction, with establishing in 3 years, with a 10 year buildout. What we are asking is a special utility district fund, to reimburse builders and developers to incentivize them to create here. This would be a direct return on investment, take 3 years to establish, and then would self-fund, get it going and push from there.

2,500 UNITS

COMMON CHALLENGES

- Difficulty attracting developers
- Lack of trained workers
- Lack of contractors
- Competition with neighboring states
- Underreported population
- Community tied to oil and gas
- Infrastructure is not “build ready”

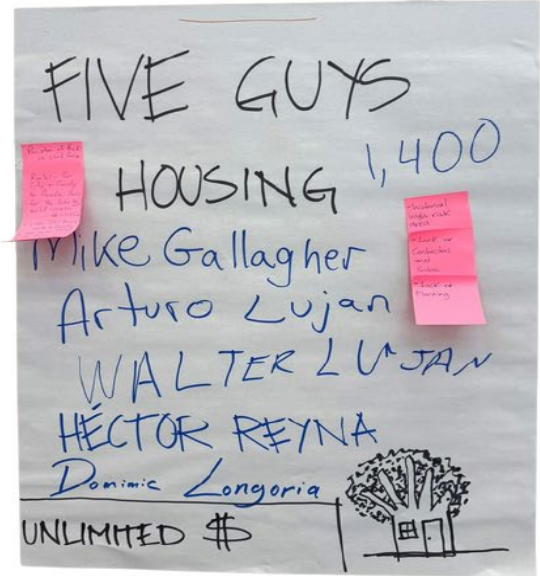
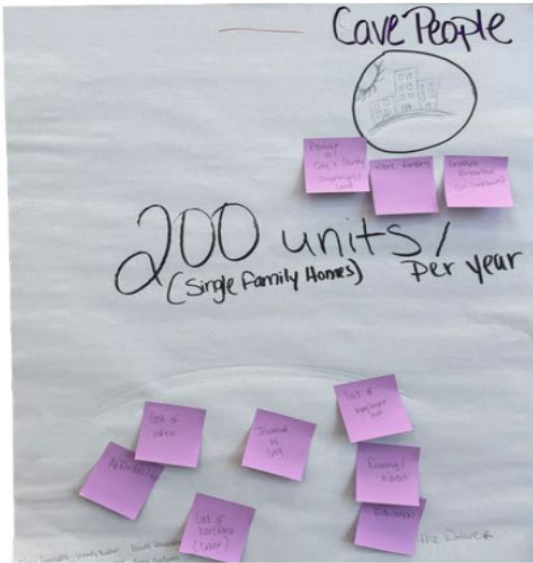
RESULTS AND CONCLUSIONS

Following each team’s presentation of their conceptual plan, participants were asked to vote for the “most exciting” and “most achievable” (indicated using sticker dots in blue indicating the most “achievable” plan, and yellow indicating the most “exciting” plan).

Team Name	Most Exciting	Most Achievable	Total Votes
The Subdividers	6	3	9
Five Guys	1	6	7
Curb Appeal	13	3	16
Cave People	0	9	9
Cool Catz	3	0	3
Cavern	1	2	3
Team Karma & Pecos Horizon Homes	0	4	4

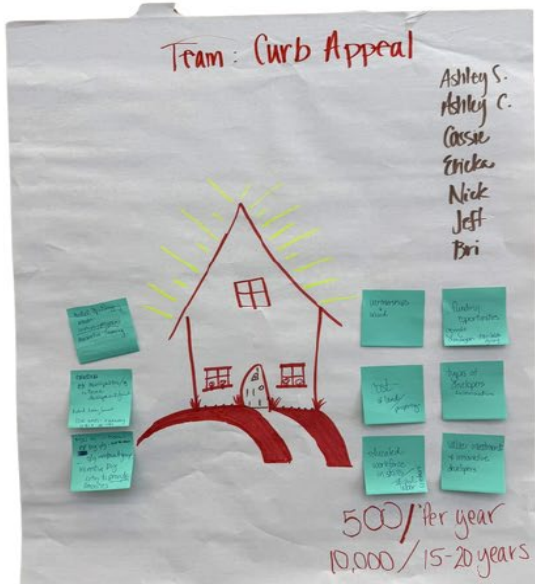
RESULTS OVERVIEW

Top two **“Most Achievable”** plans created by:
“Cave People” & “Five Guys Housing”

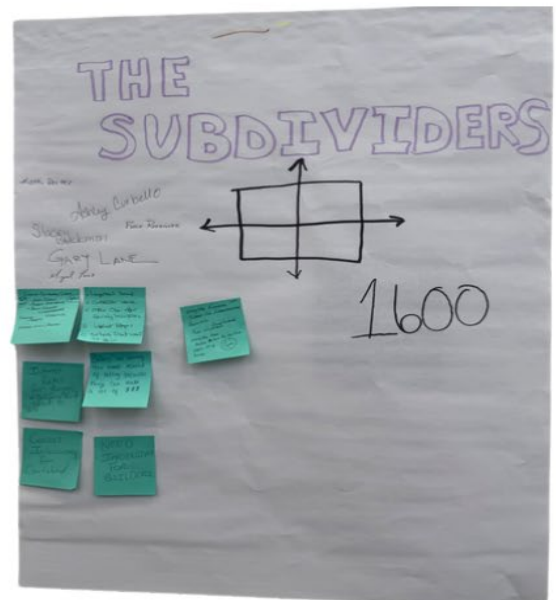


Top two **“Most Exciting”** plans created by:
“Curb Appeal” & “Subdividers”

TEAM: CURB APPEAL



TEAM: SUBDIVIDERS



Next Steps

What we have learned and where can we go from here?

Eddy County stands at a crossroads. The Housing Summit confirmed what many already feel: the gap between current housing supply and future demand is widening, and without action, it will limit our community's ability to grow and thrive. By 2040, we face a shortfall of more than 4,000 units—on top of the aging housing stock that must be replaced.

The next year is critical: collaboration, creativity, and urgency will determine whether Eddy County moves from conversation to construction.

- Advance Infrastructure Readiness
- Identify shovel-ready sites; align power, water, sewer, and roads with growth areas.
- Expand Local Workforce
- Strengthen trade training and contractor recruitment with SENMC, schools, and industry.
- Engage Major Employers
- Leverage partnerships with oil & gas, potash, and others to co-invest in housing solutions.
- Track Progress
- Annual reporting on new units delivered vs. housing gap.

The message from participants was clear. Our challenges are real: limited infrastructure, a shortage of skilled labor and contractors, and a perception of market risk that deters developers. Yet the opportunities are equally real. Employers, local governments, lenders, and community partners all expressed willingness to engage in creative solutions, from escrow-backed development incentives to partnerships with oil and gas, to stronger pipelines for trade skills and workforce housing.

What comes next must be collaborative and decisive. Local governments need to prioritize infrastructure readiness and policy tools to accelerate development. Employers can invest in housing solutions that support workforce stability. Developers and lenders can respond to a market that has proven resilient and continues to expand. Together, we can position Eddy County as a place where new residents, young families, and future generations find opportunity—and a home.

The Housing Summit was a starting point. The next step is translating ideas into commitments, commitments into projects, and projects into homes. The time to act is now.

PART TWO: CARLSBAD'S HOUSING CHALLENGE – ALIGNING SUPPLY WITH GROWTH



Growth Lab

PART TWO: CARLSBAD'S HOUSING CHALLENGE – ALIGNING SUPPLY WITH GROWTH

Carlsbad, part of the **fastest-growing county** in New Mexico, has experienced robust economic expansion driven largely by the oil and gas industry. However, conversations with local employers and residents highlight a critical shortage of available housing, posing a significant threat to the city's continued growth and prosperity.

This phase one analysis reviews Carlsbad's current and projected housing needs and explores strategies to better *align housing supply with economic growth*. **The findings will support CDOD's housing-forward strategy to enhance Carlsbad's competitiveness for workforce attraction, business expansion, and sustainable long-term economic development.**

Housing Solutions Lab

Steps to Prepare a Local Housing Strategy

- 1. Analyze Housing Needs**
 Consider:
 - Rent burdens
 - Vacancy
 - Distressed assets
 - Employment and population trends
 - Housing stock characteristicslocalhousingolutions.org/hmat
- 2. Define Policy Objectives**
 A housing strategy might aim to promote:
 - Rental affordability
 - Housing stability
 - Mixed-use development
 - Access to public transit
 - Fair housing
 - Resident health
 - Housing access for special populationslocalhousingolutions.org/policy-objectives
- 3. Develop Comprehensive Approach**
 An effective strategy leverages a broad mix of policy tools to:
 - Build and preserve subsidized housing
 - Align supply with demand
 - Help people access housing
 - Protect against displacement and poor housing conditionslocalhousingolutions.org/housing-policy-framework
- 4. Identify Funding Sources**
 Funding sources might include:
 - One-time infusions, such as bonds
 - Dedicated funding streams, such as real estate transfer taxes, city and state pension funds, and property tax incentive programs.localhousingolutions.org/fund
- 5. Develop Implementation Plan**
 The plan should:
 - Identify which agencies will administer new programs
 - Ensure they have capacity to design new policies
 - Communicate each agency's role
 - Include a timelinelocalhousingolutions.org/plan
- 6. Establish Metrics for Success**
 Track data in real time to:
 - Monitor progress
 - Highlight bottlenecks
 - Understand tradeoffs
 - Make revisions and course correctionslocalhousingolutions.org/analyze
localhousingolutions.org/refine

Note: This is the second of a three-phase process for preparing a local housing strategy. The first phase lays the groundwork for the strategy and the third phase monitors progress.

What is a local housing strategy, and why is it important?

Local housing strategies help jurisdictions think comprehensively about their policy options, leverage the capacities of a wide range of agencies, and build support across a range of constituencies who can help advocate for policy changes and resources.

Local housing strategies include three key elements:

- Clearly-defined housing objectives**
- A broad range of housing policy options for meeting those objectives**
- Metrics for measuring progress over time and a mechanism for doing so**

HOUSING: KEY ECONOMIC DRIVER

Housing is a key driver of economic growth and addresses Carlsbad's workforce needs

The creation of every new single-family home results in:

4 More local jobs

\$8,393 Tax revenue in construction

\$6,249 Ongoing annual tax revenue

The creation of every new multiple-family unit results in:

2 More local jobs

\$3658 Tax revenue in construction

\$3085 Ongoing annual tax revenue

Source: New Mexico MFA

LOCAL EMPLOYERS HIGHLIGHT NEED FOR AFFORDABLE HOUSING

“

“Most of the available houses are in **poor condition** or in less than desirable areas.”

“

“Rent is too high. They **cannot afford** to pay more than \$1000 for a single bedroom apt and this is the reason I have a **hard time recruiting new people** and keeping them in Carlsbad. I cannot bring students as an intern. I would really appreciate if we have a cheaper housing/rental options.”

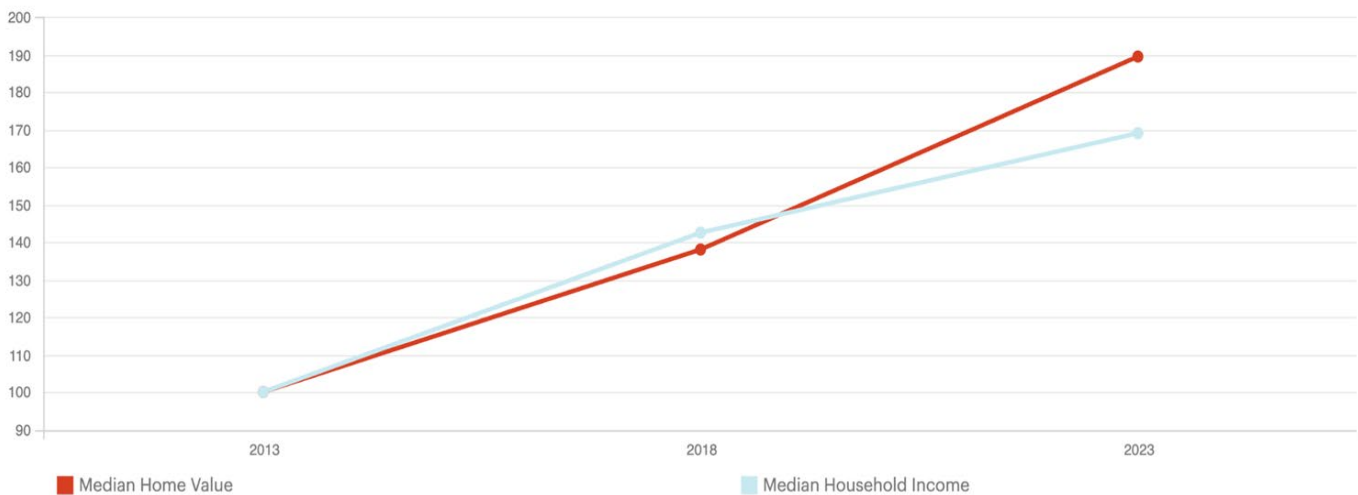
“

“Suitable rental property for **entry-level employees** is difficult to find.”

Source: 2022 Carlsbad Housing Survey

DATA SNAPSHOTS

Median Home Value Versus Median Household Income (Indexed) 2013 to 2023

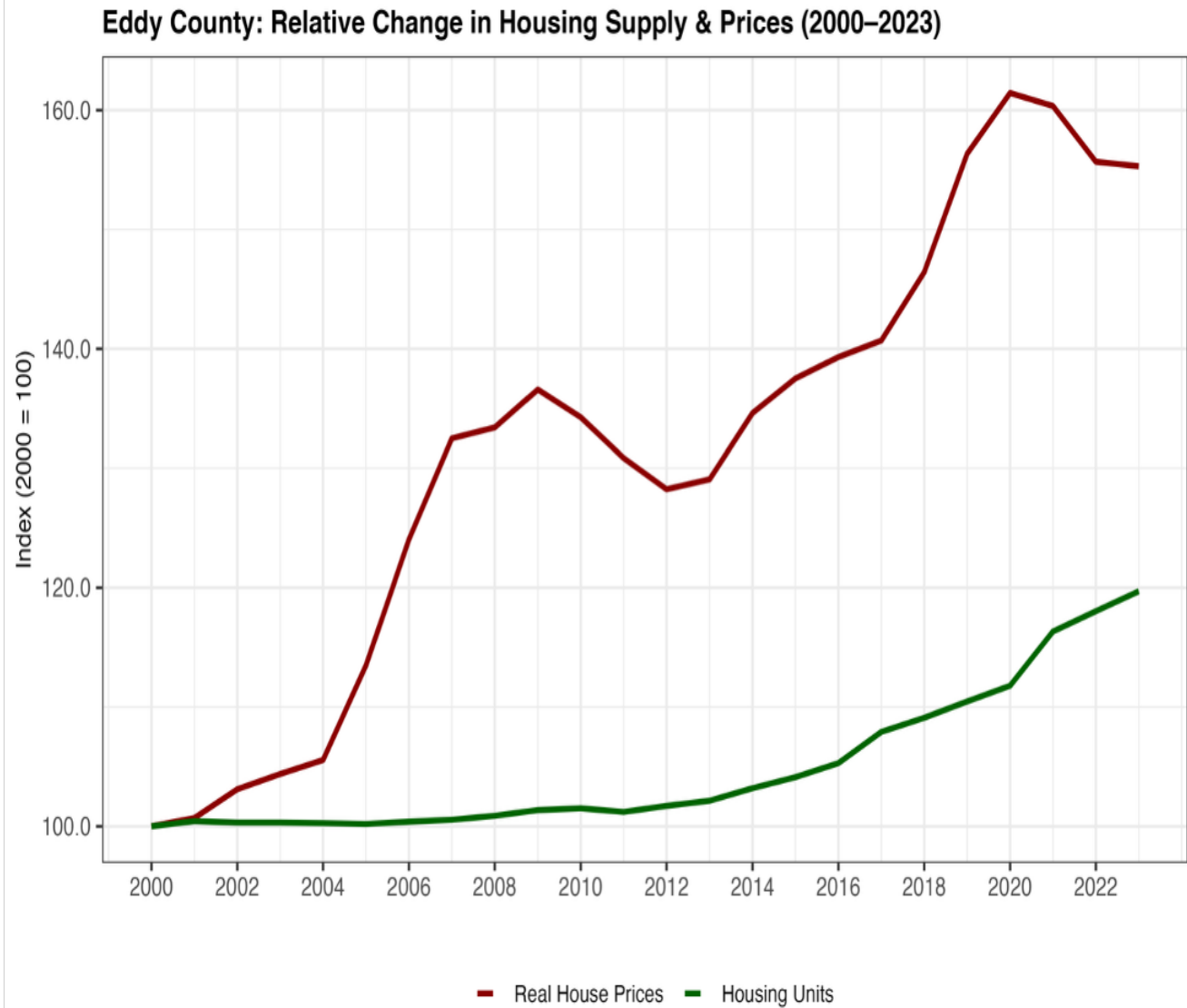


Note: Large variations over time may be due to small population groups.

Source: [Census](#) 
2009-2013 - 2019-2023 Data Contains: 1 City ([show](#))

- Median home value in Carlsbad has increased by 89.6% and median household income has increased by 68.9% since 2013.
- As of 2023, **home value has been growing faster than household income**. Housing might become less affordable—it takes more for local households to buy the median-priced home.

DATA SNAPSHOTS



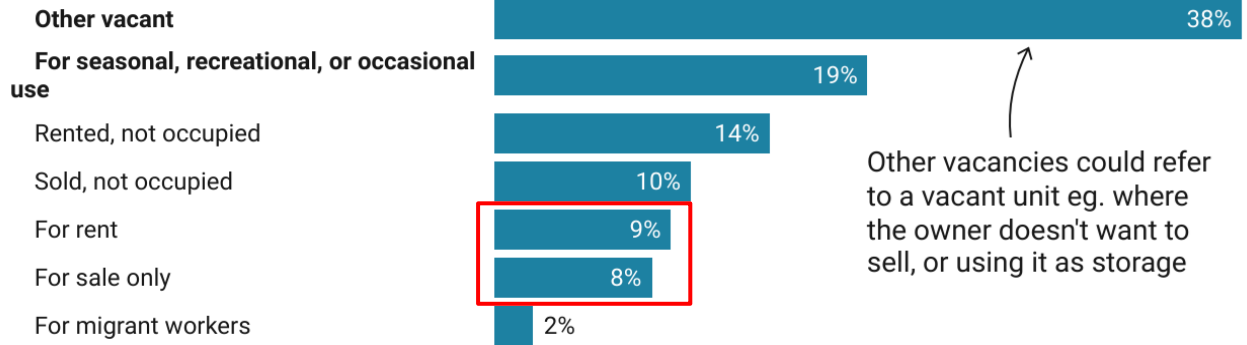
Credit: Juan Carlos from Harvard Growth Lab

**Home prices are rising faster than the rate of new housing construction.
Supply has not kept up with demand**

ANALYTICAL DRIVERS

Low Vacancy and Limited Housing Availability

Housing Vacancy Rates

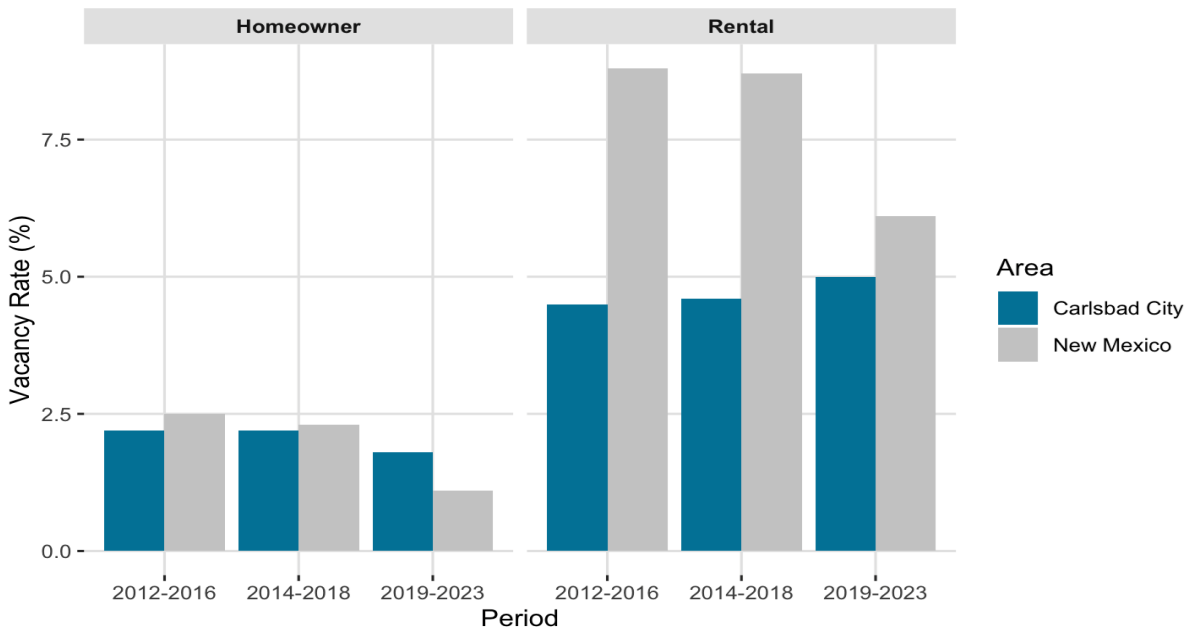


Source: U.S. Census, ACS2023 • Created with Datawrapper

Most Vacant Homes Are NOT Available for New Residents

In 2023, 1,884 units (13.1%) were documented as vacant, but only 17% are available to new residents

Homeowner and Rental Vacancy Rate



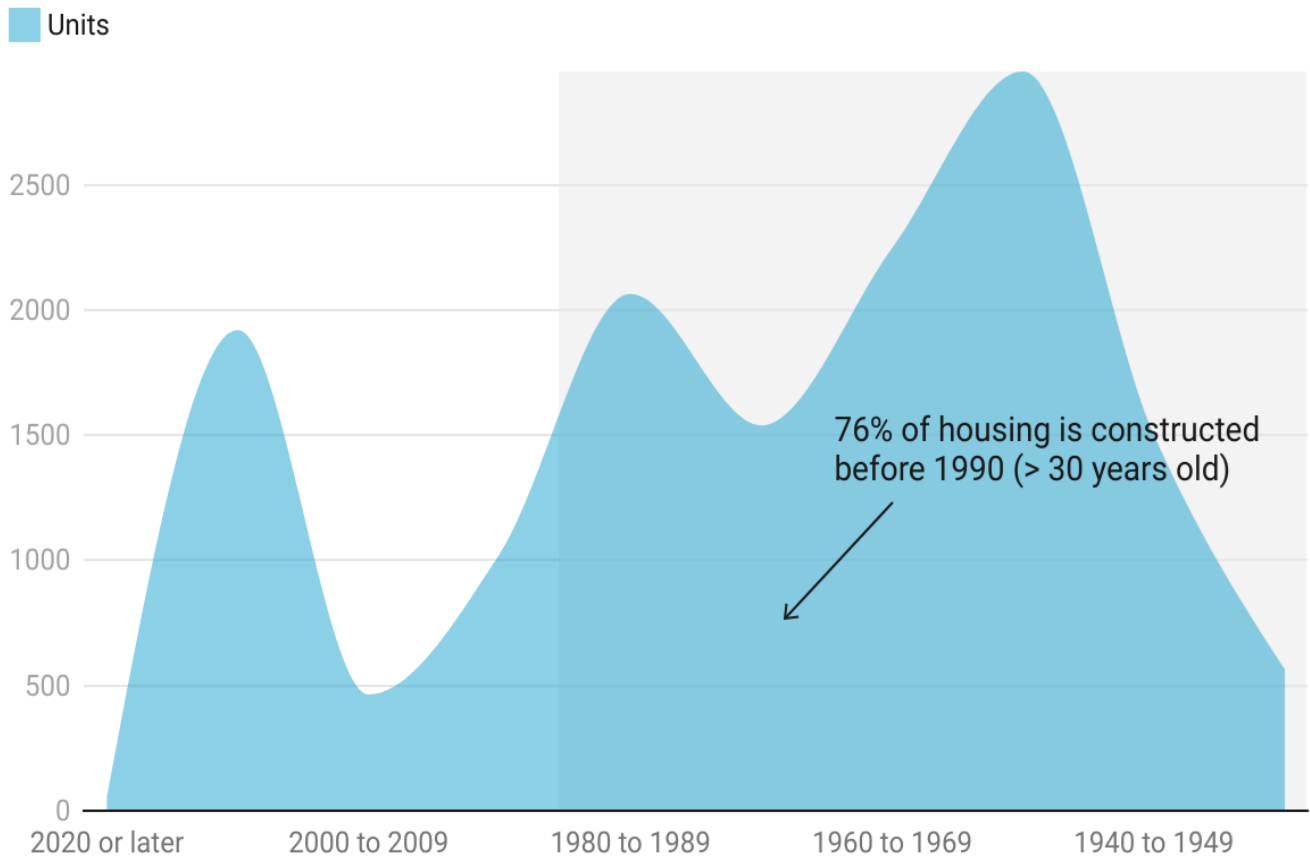
Both homeowner and rental vacancy have been below 5% with homeowner vacancy in decrease trend. Low vacancy rate drives up rents and can price out residents.

In 2022, all income based rental apartments in Carlsbad reported **100% occupancy** (CDOD 2022 housing study)

ANALYTICAL DRIVERS

Age of Housing Stock

Without proper maintenance and rehabilitation, aged housing is more likely to become vacant or unsafe for residents to live in



Source: U.S. Census, ASC2023 • Created with Datawrapper

Many homes are outdated or in disrepair, meaning even fewer safe, quality options exist for Carlsbad's workforce

ESSENTIAL WORKERS FACE AFFORDABILITY CRISIS

Median Earnings Across Sectors

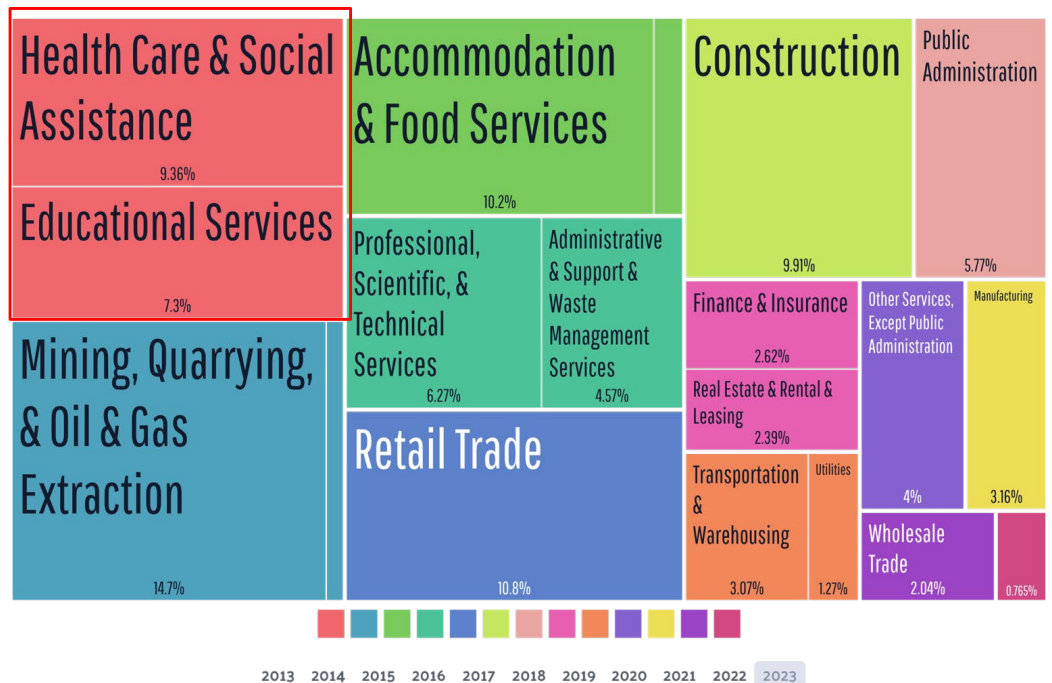
Sector	Number	▼ Median Earning
Professional, scientific, and management, and administrative and waste management services	1,587	87,162
Agriculture, forestry, fishing and hunting, and mining	2,272	85,786
Wholesale trade	298	58,625
Transportation and warehousing, and utilities	636	57,683
Other services, except public administration	586	57,183
Public administration	844	54,773
Information	112	54,412
Construction	1,451	49,738
Manufacturing	463	46,864
Finance and insurance, and real estate and rental and leasing	733	42,620
Educational services, and health care and social assistance	2,438	38,239
Arts, entertainment, and recreation, and accommodation and food services	1,637	28,731
Retail trade	1,580	22,412

Essential workers (in public sector and education/health) earn **median income below the 60% AMI (\$61,080)** yet made up **16.6% (2023)** of the workforce.

Source: ACS2023 • Created with Datawrapper

Percentage of workforce

Essential workers provide critical services to the community; they earn lower income and makeup a large percentage of workforce

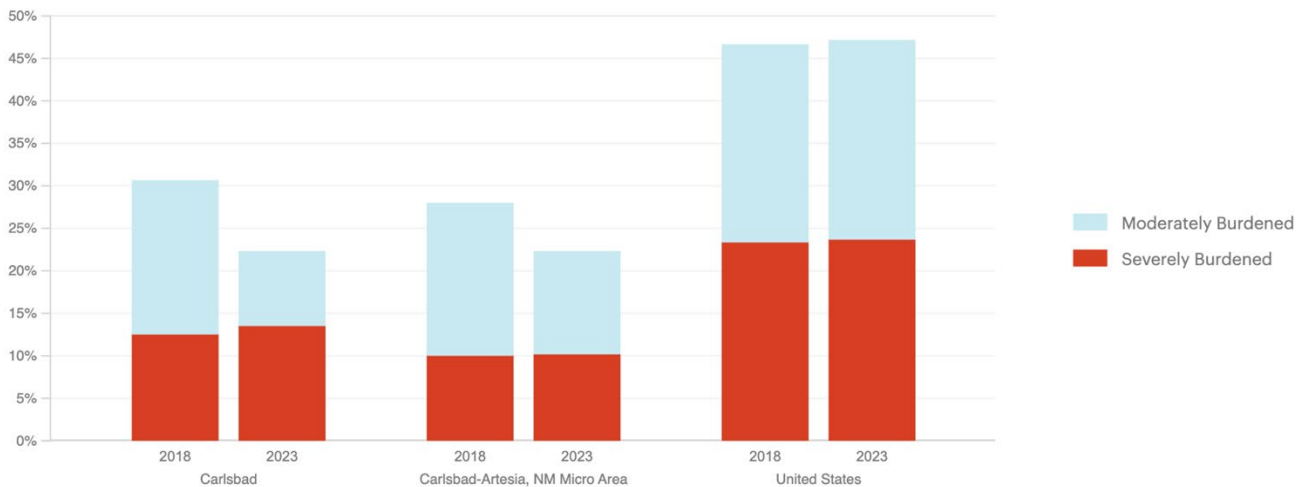


ESSENTIAL WORKERS FACE AFFORDABILITY CRISIS

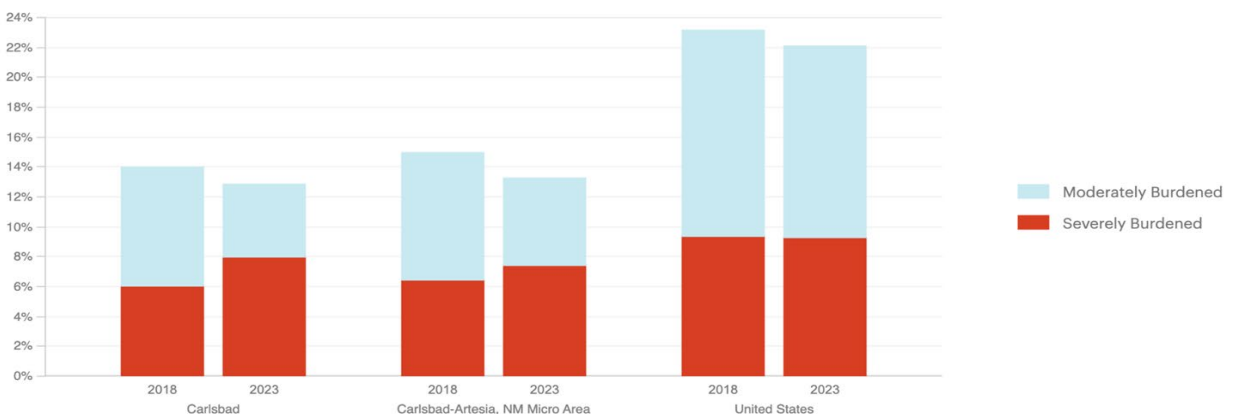
Lower income essential workers are increasingly cost-burdened

Compared to the national trend, Carlsbad seems to have made progress reducing cost burdens. However, while the combined share of renter and homeworkers household moderately or severely cost burdened have decreased, **the % of severely burdened has slightly increased.**

Share of Renter Households Moderately or Severely Cost Burdened 2018 to 2023



Share of Homeowner Households Moderately or Severely Cost Burdened 2018 to 2023

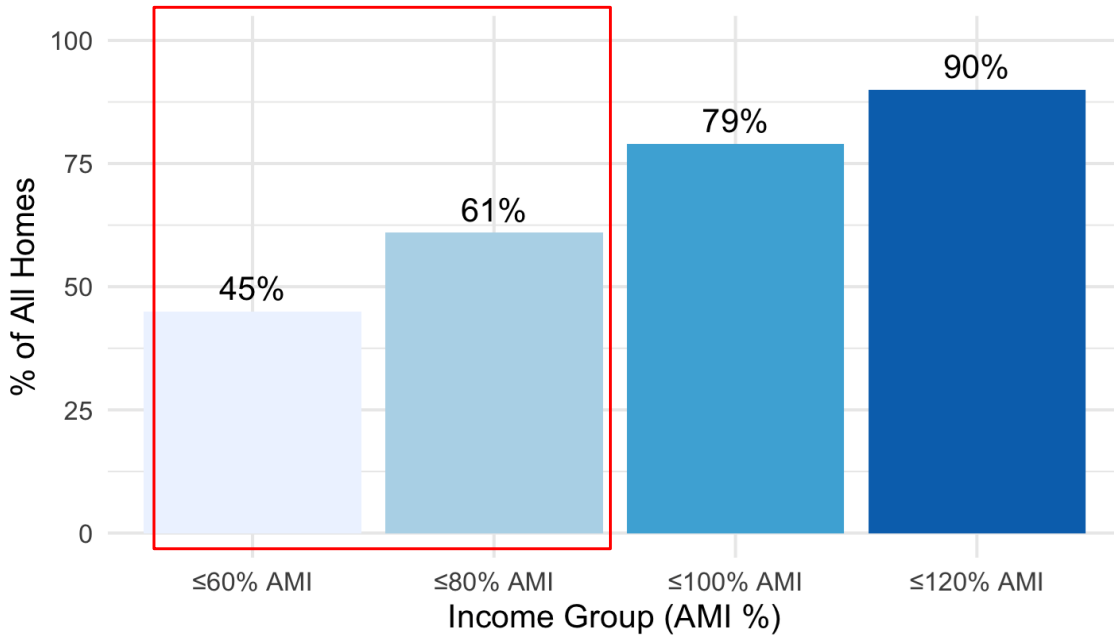


Source: [Census](#)
2014-2018 - 2019-2023 Data Contains: 1 City ([show](#))

Moderately cost-burdened: spends more than 30% of its income on housing costs
Severely cost-burdened: spends more than 50% of its income on housing

ESSENTIAL WORKERS FACE AFFORDABILITY CRISIS

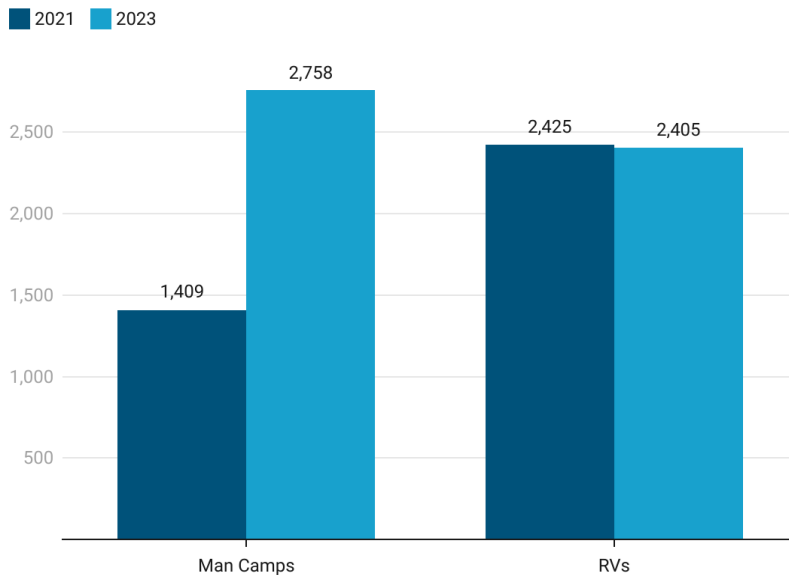
There Are Less Affordable Units Available to Essential Workers Share of Homes Affordable at Different Income Levels



Source: Census/PolicyMap, Author Calculations

- As income drops below 80% AMI, the share of affordable homes drops sharply— for households at 60% AMI, more than half the homes in Carlsbad are financially out of reach
- **Critical shortage of workforce housing will hinder future workforce recruitment and harm local economies**

Estimated Temporary Housing (RV, Man Camps)



Source: CDOD 2022 & 2023 Housing Study • Created with Datawrapper

Temporary housing fills the gap but is not a long-term solution

Man camp units have nearly doubled in the two years span— highlighting high industry demand. Their prominence also underscores the **need for more permanent, mid-range, or workforce housing options, especially as the local economy continue to grow.**

POLICY RECOMMENDATIONS

Common Barriers That Restrict Housing Supply & Targeted Policy Responses

Barriers	Potential Policy Lever
Restrictive zoning regulations	Regulatory tools: explore inclusionary zoning, explore form based codes
Lack of developers - High construction costs	Financial/regulatory incentives for contractors, recruitment drives → explore modular construction
Aging & Vacant stock	Redevelopment incentives
Oil & gas market seen as short term boom	Developer risk sharing/ advocacy efforts
Lack of infrastructure	Prioritize infrastructure investment in target zone
Lack of trained workforce	Local workforce training programs

Note: This initial analysis focuses on the top three barriers identified; further research is recommended to explore the others in detail

POLICY RECOMMENDATIONS

Need City/ CDOD input to fill in specific gaps

Important Stakeholders to Engage With

Internal

- Carlsbad City Council
- City of Carlsbad Planning & Community Development
- Eddy County Government (Planning, Zoning, Housing)
- Local Housing Authorities (Need input-is there any??)
- Local Utility providers

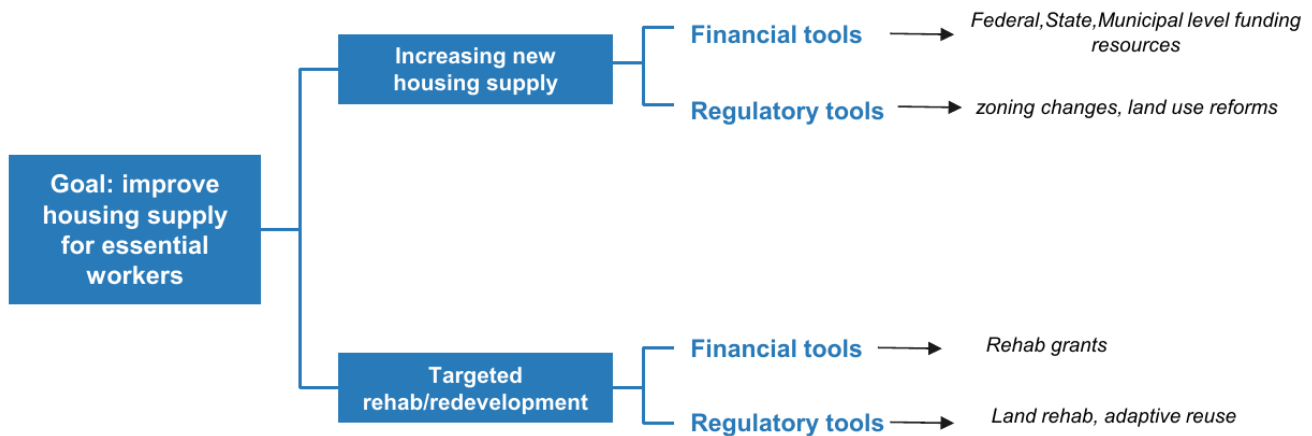
External

- Southeast NM Community Action Corp. (SNMCAC)
- Major local employers (oil & gas, healthcare, education)
- Affordable housing developers (nonprofit & for-profit)
- Local banks and mortgage lenders
- Community service organizations & housing advocates
- Landlords and property managers
- State (NMFA) and federal (HUD/USDA) partners
- Residents and tenant groups

Check out appendix #1 for a complete list to start with

Policy Framework

This framework outlines key recommendations. A more detailed assessment—including stakeholder analysis and cost-benefit review—should be part of Phase 2



POLICY FRAMEWORK – INCREASING NEW HOUSING SUPPLY

Modular / Offsite Construction Provides an Efficient and Cost Saving Way to Increase Supply

Case Study: Norwood, CO: Rural Homes Initiative (pilot) - 600 residents

- The Rural Homes initiative collaborated with the Town of Norwood and San Miguel County, CO and created 24 deed-restricted, single-family homes for essential workers earning ≤ 120 percent of the area median income (AMI)
- A local modular housing developer Fading West built **four types of modular homes** in Pinion Park, which reduced the need for on-site labor.
- This case illustrates how modular construction and local partnerships can deliver workforce housing in small rural communities.



- Modular construction offers economy of scale, allowing manufacturers to save **20% cost** (according to Turner Center estimates)
- It requires less labor and create year-round construction jobs
- Reduce weather related delays and is more environmentally friendly
- CDOD could lead effort to 1) understand the off-site construction landscape in NM 2) gauge city interests 3) understand barriers for modular housing e.g. zoning laws

Innovative 3D print construction in Taos offers affordability + sustainability (July 2025)

- First in the state 3D printer is used to print homes in Taos Chamisa Verde subdivision — part of its \$1.3 million affordable housing pilot projects
- The town contracted Pangea Bioteecture, an architectural design and construction firm focused on sustainability.
- Each house is slated for construction in under 10 days and the project is estimated to be completed in one year. The technology greatly reduced labor cost and the houses are sustainable featuring passive solar design.



POLICY FRAMEWORK – INCREASING NEW HOUSING SUPPLY

Need city/ CDOD input on existing regulation

Regulatory Tools Like IZ Can Help Boost Housing Supply

Inclusionary zoning (IZ) policies

- Exploring ways to put land use/zoning ordinances in place that would reduce the risk to builders/developers
- Shift from traditional zoning to form-based codes - which regulate the physical design of new developments rather than the residential density or number of units within them.
- Explore **density bonuses**, allowing developers to build more units and potential fee reduction and waiver policies

Expedited permitting for qualifying projects

- Establish a separate “fast-track” permit application for qualifying developments that meet the income threshold
- The city and the broader community will need to determine the affordability thresholds that are most likely to achieve community goals and attract developers

=> **Primary stakeholder involved: City’s Planning & Zoning Commission, City Council**

Financial Tools: Local housing trust funds (HTF)

- Consider partnering with Eddy County to create a housing fund that can fund an array of affordable housing initiatives such as new construction, acquisition, and rehabilitation.
- Need cross agency collaboration to assist with administration and management of the fund - a dedicated revenue source such as development fees, transfer taxes, or linkage fees could provide sustainability.

=> **primary stakeholders involved: needs city council approval**

Case Study: City of Santa Fe: Affordable Housing Trust Fund (AHFT)

- The program was created by City ordinance in 2007 to provide restricted to direct financial assistance for affordable housing activities (subject to the New Mexico Affordable Housing Act). Investments from the AHFT are required by ordinance to have at least a 3:1 leverage (for every public dollar spent, there has to be \$3 of private funding)
- In the last three years, the AHFT has invested nearly \$9m in total funding generating over \$27m in additional affordable housing investment, impacting more than 2500 households.

POLICY FRAMEWORK – INCREASING NEW HOUSING SUPPLY

Tap Selected State and Federal Resources

Community Services Block Grant (CSBG)

- The Community Service Block Grant is awarded by the New Mexico Human Services Department to SNMCAC for Chavez, Eddy, Lea, Lincoln and Otero counties.



New Mexico State Workforce Housing program: \$125 million Housing Development Revolving Fund

- The Housing Development Revolving Fund is governed by the Opportunity Enterprise and Housing Development Review Board and is administered by NMFA.
- Prioritize reduce barriers to new housing, including initiatives such as streamlining permitting, inspections, and updating land use and zoning rules to remove invisible barriers.



Housing New Mexico's HOME rental program

- Provide gap financing for a variety of affordable and special needs housing projects throughout the state of New Mexico. As gap financing, HOME funds are typically used in combination with other housing resources such as Housing New Mexico's Low Income Housing Tax Credit (LIHTC) and 542(c) loan programs.

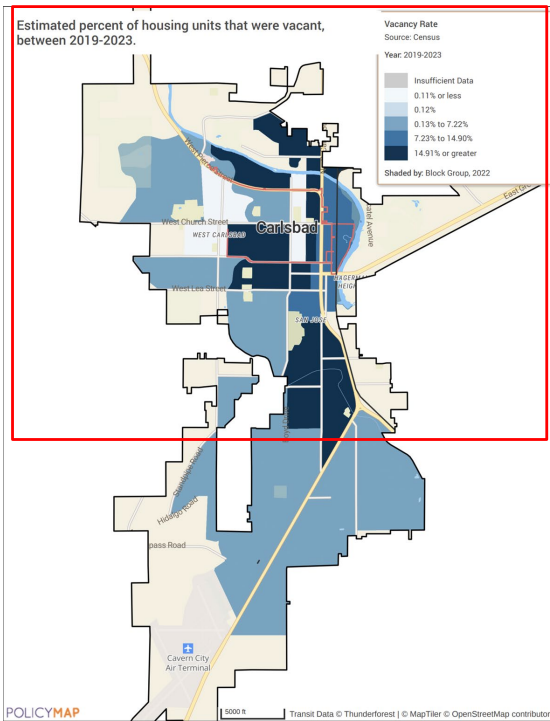


Leverage New Mexico Affordable Housing Act

- The Act exempts government donations to affordable housing from the Anti-Donation Clause of the New Mexico State Constitution.
- The usual process: 1. Develop an Affordable Housing Plan 2. Develop an Ordinance. Both must be submitted to MFA for review and approval before a donation can be made to a Qualifying Grantee.
- Since Eddy County already has an approved Affordable Housing Plan (incorporated in its comprehensive plan), Carlsbad technically only need to pass an Ordinance to use the plan

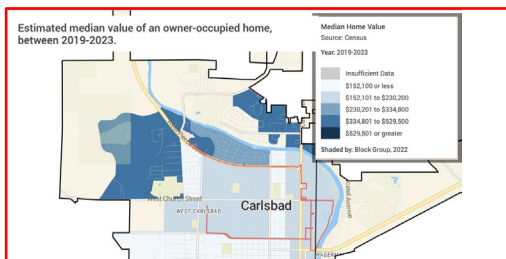


Target Regions With High Share of Vacancy

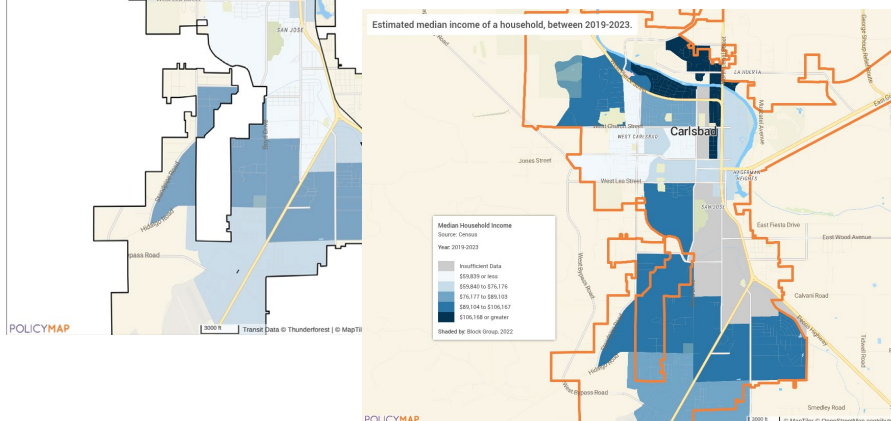


- Opportunity to engage with vacant houses that are around the north end and center of the city (areas with disinvestment).
 - vacant property inventories
 - demolition of neglected properties
 - foreclosure and disposition
 - land banks
- CDOD can take the lead to reach out to property owners to 1) understand barriers behind occupancy 2) explore options to repurpose these homes or convert them into livable units through local incentives

Lower Value Regions Offer Opportunities for Reinvestment and Affordable Housing Development

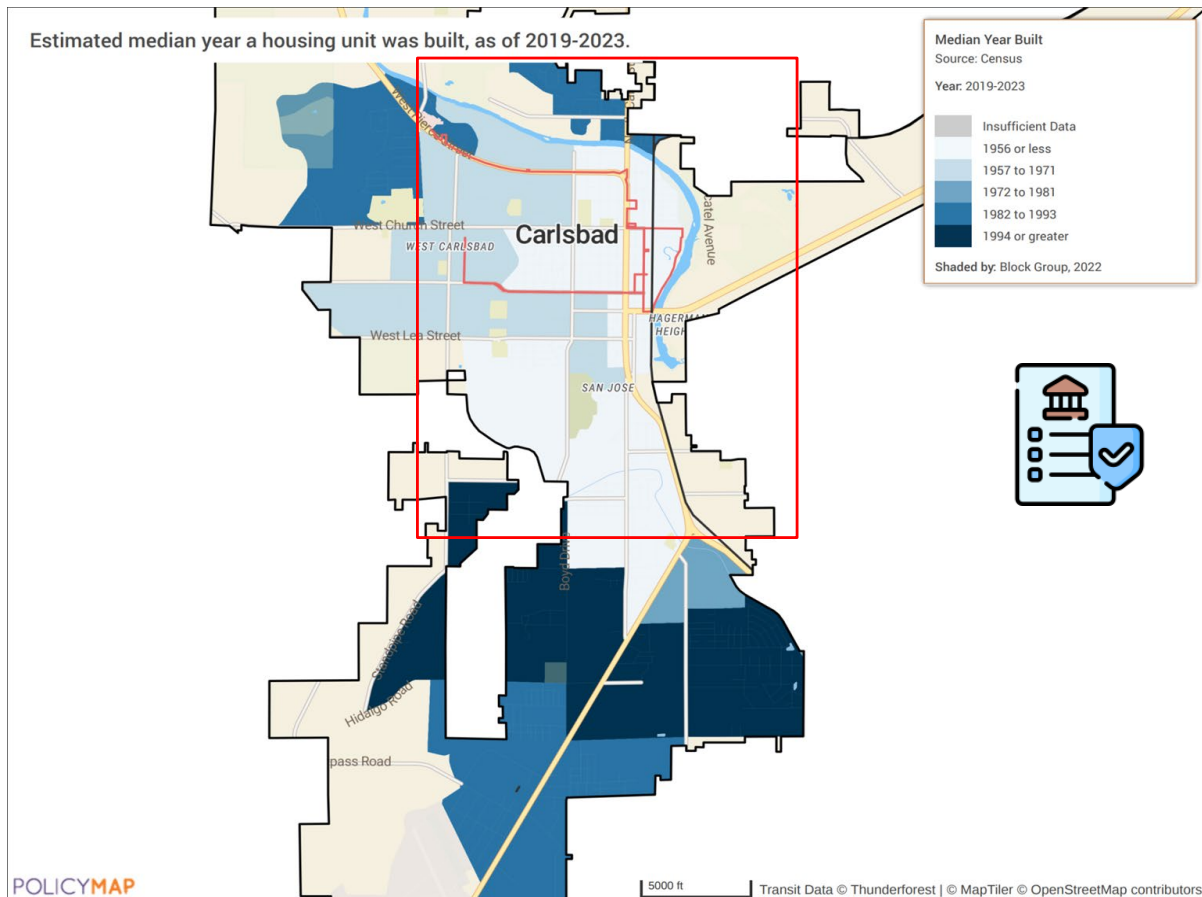


- Homes with higher values (>\$334801) are mainly clustered on the northwest corner of the city, where relatively high median income earners live. This suggest strong market demand and growth pressure.



- For new development and planning, areas in the center and southside (lower income earners) offers opportunities for reinvestment on aging homes and affordable housing developments.

Opportunity for Targeted Redevelopment and Rehabilitation Efforts



- Older homes are concentrated in the northern and central part of the city - offering opportunities for targeted redevelopment or rehabilitation efforts such as future housing overlay zones (HOZs).
- The city can initiate efforts to assess building conditions and could further analyze these zones for specific interventions, and align them with infrastructure improvements, grant-funded home repairs, or fast-track rehab permitting programs.

KEY FINDINGS AND NEXT STEPS

- **Workforce housing shortfall:** There is a clear lack of affordable housing options for essential workers, threatening economic stability and community wellbeing.
- **Information gaps:** Limited local visibility on available housing assistance and federal/state resources—more advocacy and transparency are required.
- **Geographic disparity:** A notable north-south divide exists in housing access and affordability within Carlsbad; the city can leverage mapping tools to identify areas of greatest need for a targeted policy response.
- **Data limitations:** Current housing data is incomplete—more community surveys and data cross-checks are needed to accurately capture needs. This analysis is largely based on census data which likely underestimated the true population

CDOD Can Lead These 3 Immediate Actions:

1. Launch a targeted community survey to capture real-time data on housing demand, barriers, and gaps—**especially from essential workers.**
2. Convene regular **cross-agency and cross-sector roundtable** to align efforts, identify needs, and coordinate strategies.
3. Map and publicly share all available local, state, and federal housing resources to boost community awareness and support greater access.

Priority Partners to Engage Now:

- Carlsbad City Council (policy leadership/support)
- Eddy County Government (Planning, Zoning, Housing)
- Local Housing Authority (federal/local housing program knowledge)
- Major local employers (oil & gas, healthcare, education—to represent the workforce perspective)

APPENDIX

Local Housing Strategies: Key Players and Stakeholders

The Importance of Leadership and Stakeholders

Local housing strategies are multilayered and complex. They involve cooperation between city leadership, housing or planning departments, advocates, and major employers. Beyond that, they must be coordinated between various municipal departments and stakeholders, as well as the community's needs. From planning or zoning commissions to homelessness services agencies to neighborhood groups to developers, collaboration with internal and external stakeholders is key to establishing a comprehensive, successful local housing strategy.

Internal Stakeholders

- | | |
|---|---|
| Housing Department | Local Housing Authority |
| Planning Department | Homelessness Services Agency |
| Buildings Inspections and Permits Departments | Planning or Zoning Commission |
| Municipal Tax Department | Transportation or Infrastructure Agency |
| Redevelopment Agency | Equity and Human Rights Agencies |
| Housing Finance Agency | |

External Stakeholders

- | | |
|---------------------------|----------------------|
| Community Organizations | Employers |
| Nonprofits | Business Community |
| Neighborhood Groups | State Governments |
| Faith-Based Organizations | Regional Governments |
| Developers | |
| Service Providers | |
| Lenders | |

Engaging Partners & Stakeholders

Once community members, internal players, and external stakeholders have weighed in on the development and implementation of the strategy, localities might form a task force or advisory committee of business leaders, government officials, and other relevant parties. The committee might oversee the implementation process and provide feedback on the work. That way, the implementation process reflects wide-ranging interests and ultimately is most effective.



Area Median Income

The **area median income (AMI)** for Carlsbad was \$101,800 in 2024. Using a general rule of thumb, households at different threshold of AMI can afford:

- 60% AMI: \$170,820
- 80% AMI: \$227,700
- 100% AMI: \$305,400
- 120% AMI: \$341,640

