

EXECUTIVE SUMMARY

This section provides background information, summarizes key findings and presents recommendations and conclusions from the Chaves County Housing Needs Assessment conducted in 2005.

Background

In 2005, the New Mexico Mortgage Finance Authority (MFA) retained BBC Research & Consulting (BBC) to conduct a housing needs assessment of Chaves County. The purpose of the housing needs assessment is to:

- Provide information on the characteristics of the County's housing market, including the markets in the City of Roswell and the Towns of Dexter, Hagerman and Lake Arthur;
- Compare the characteristics of the housing market in the County with characteristics of markets in select peer counties;
- Assess the greatest housing needs in the County as well as in Roswell, Dexter, Hagerman and Lake Arthur;
- Survey citizens in the County, Roswell, Dexter, Hagerman and Lake Arthur to understand their housing needs; and
- Develop recommendations for addressing these housing needs.

Approach

To complete this analysis, BBC conducted extensive primary and secondary research. We collected and analyzed quantitative data from the U.S. Census, the U.S. Bureau of Labor Statistics (BLS), the U.S. Bureau of Economic Analysis (BEA) as well as the University of New Mexico Bureau of Business and Economic Research (BBER).

To collect qualitative data for the study, we conducted personal and telephone interviews with citizens and stakeholders in the County who are knowledgeable about housing needs. We spoke to local government leaders, real estate agents, non-profit housing developers, community activists and representatives of organizations that serve special needs populations. We also conducted a statistically significant telephone survey of residents in the County as well as Roswell, Dexter, Hagerman and Lake Arthur to collect current information on residents' housing situations and their greatest needs.

The Chaves County Community

Chaves County, located in southwestern New Mexico, is surrounded by Lea, Eddy, Otero, Lincoln, De Baca and Roosevelt counties. Roosevelt and Lea Counties border West Texas. Chaves County is known for its presence in the milking/dairy industry in Southeastern New Mexico, as well as tourism

related to the International UFO Museum and Research Center. As of the 2000 Census, the County made up 3.2 percent of the State's population.

Population characteristics. In 2000, the U.S. Census reported a County population of 61,382. The latest estimates of population for the County estimate growth of 253 people between 2000 and 2004. During the last full year for which data are available (2003 to 2004), the County's population increased by 0.4 percent. This compares to 1.3 percent for the State overall and 3.4 percent for the highest growth county in the State (Sandoval).

Roswell is the County seat and the largest incorporated city in the County, comprising 74 percent of the County's population. Other incorporated areas in the County include the Towns of Dexter, Hagerman and Lake Arthur. Exhibit ES-1 shows the population and proportions of the County's population of each incorporated area within Chaves County.

Exhibit ES-1.
Populations of
City/Towns,
Chaves County,
2000

<i>Incorporated Area</i>	<i>2000 Population</i>	<i>Proportion of County Population</i>
City of Roswell	45,293	74%
Town of Dexter	1,235	2%
Town of Hagerman	1,168	2%
Town of Lake Arthur	432	1%

Source:
US. Census Bureau, 2000
Census, Summary File1.

Income. The U.S. Census reported a median household income for the County of \$28,602 in 2000. As shown in Exhibit ES-2, Dexter had the highest median household income at \$30,707 and was the only town where the median was higher than the County overall. Lake Arthur had the lowest at \$22,386.

Exhibit ES-2.
Median Income by
City/Town, Chaves
County, 2000

<i>Incorporated Area</i>	<i>2000 Median Income</i>	<i>Higher than County Median?</i>
Chaves County	\$28,602	
City of Roswell	\$27,252	No
Town of Dexter	\$30,707	Yes
Town of Hagerman	\$23,295	No
Town of Lake Arthur	\$22,386	No

Source:
US. Census Bureau, 2000 Census,
Summary File1.

BBER reports that Chaves County ranked last (33rd) of all counties in personal income growth between 2002 and 2003 and 31st (third to last) for wage growth during the same period. However, the County's wages overall were about average: BBER ranked Chaves County 12th (of 33 counties) for per capita personal income in 2003 and 14th for average wages. In sum, the County had a little higher than average *income level* in 2003, but experienced relatively low and stagnant income growth between 2002 and 2003.

The 2000 Census reported a poverty rate of 21.3 percent for Chaves County. The County's poverty rate was higher than the State's overall rate of 18.4 percent; the County had the 13th highest rate of poverty of all counties in the State.

In 2000, 29 percent of the County's children lived in poverty, and 14 percent of seniors lived in poverty. The poverty rate for persons with disabilities was 25 percent. These rates were also all higher than the State's respective poverty rates.

Employment and education. The government sector is the top employment sector in Chaves County, providing 21 percent of the jobs in the County in 2003. This is followed by the health care and social services industry at 13 percent; retail trade at 12 percent; and accommodations and food services jobs, also at 12 percent. Annual unemployment rates in Chaves County have fluctuated considerably since 1992. Overall, rates have been on a slight downward trend, with the exception of 2001 to 2003, which was a period of slightly rising rates.

According to the U.S. Census, in 2000, about one-fourth the County's adults over the age of 25 had a high school degree (or equivalent). About 30 percent reported having taken some college courses (but not having graduated with a Bachelor's degree). Sixteen percent had a college degree or more. About 27 percent of the County's adults over 25 years of age had less schooling than a high school degree.

Chaves County's Housing Market and Needs

The U.S. Census Bureau estimates that there were 26,035 housing units in Chaves County in 2003. This was an increase of 1.5 percent from the 25,647 units that existed in 2000, or an addition of 388 units. Seventy-one percent of the County's housing units in 2000 were owner occupied and 29 percent were renter occupied.

Eighty-eight percent of the housing units were occupied in 2000 and 12 percent were vacant. Vacancy rates were similar across the incorporated areas of the County. The number of vacant rental units in Dexter, Hagerman and Lake Arthur is very small—just a handful in each community. Vacancy rates by type are shown in Exhibit ES-3.

Exhibit ES-3.
Comparison of Housing Tenure and Vacancy, 2000

	<i>Chaves County</i>	<i>Roswell</i>	<i>Dexter</i>	<i>Hagerman</i>	<i>Lake Arthur</i>
Total housing units	25,647	19,286	413	441	140
Occupied housing units	22,561	17,110	372	399	128
Owner occupied	71%	69%	78%	71%	79%
Renter occupied	29%	31%	22%	29%	21%
Vacant housing units	3,086	2,176	41	42	12
For rent	17%	17%	5%	21%	33%
For sale only	34%	43%	29%	17%	25%
Rented or sold, not occupied	9%	10%	20%	12%	0%
For seasonal, recreational, or occasional use	11%	6%	20%	0%	17%
For migrant workers	1%	0%	0%	0%	0%
Other vacant	28%	24%	27%	50%	25%

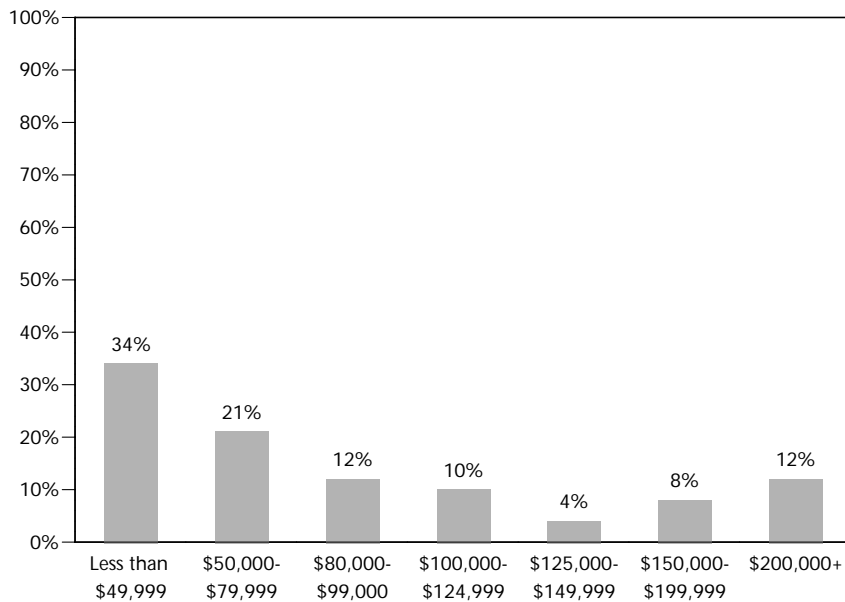
Source: U.S. Census Bureau, 2000 Census.

According to the citizen survey conducted for this study, the median home value in the County was \$70,000 in May 2005, up from \$61,000 in 2000. This represents an increase of 15 percent for the median home value between 2000 and 2005.

Exhibit ES-4 shows the percent of owner occupied units by value according to the Chaves County citizen survey. As shown in Exhibit, more than half of the units (55 percent) were valued less than \$80,000 in 2005.

Exhibit ES-4.

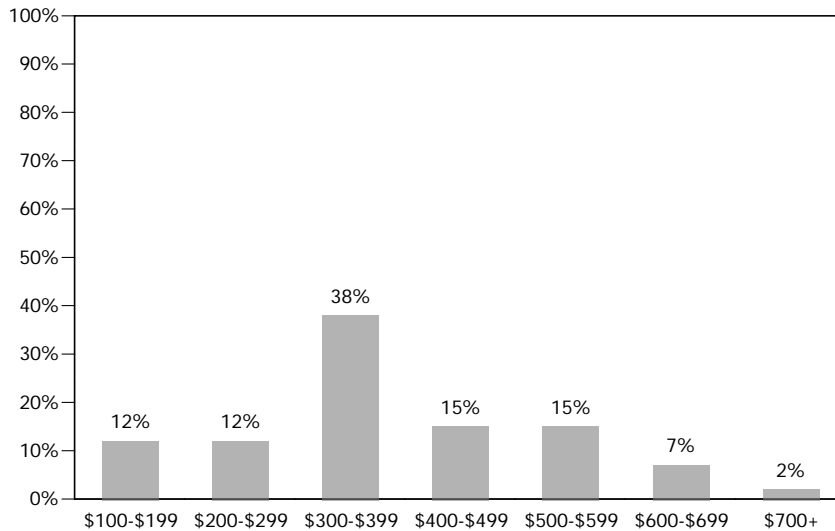
Percent of Owner Occupied Housing Units by Value, Chaves County, 2005



Source: Chaves County Citizen Survey.

Survey results from the citizen survey conducted for this study suggest that the current median rent in the County is \$450. This is very close to market rents determined by the U.S. Department of Housing & Urban Development (HUD) for housing programs in the County. A current median of \$450 indicates that monthly rents have increased by about \$48 since 2000—or by 12 percent. This is a slightly lower increase than the median value of single family housing. Exhibit ES-5, on the following page, shows the distribution of current rents in the County.

Exhibit ES-5.
Rents Paid by Survey Respondents, Chaves County, 2005



Source: Chaves County Citizen Survey.

Housing costs vary throughout the County, with the highest rents and home values in Roswell, as shown in Exhibit ES-6 below.

Exhibit ES-6.
Median Rent, Mortgage Payment and Home Value, Cities/Towns

	<i>Rent</i>	<i>Mortgage Payment</i>	<i>Home Value</i>
Roswell	\$360	\$450	\$100,000
Dexter	\$250	\$415	\$95,500
Hagerman	\$200	\$438	\$82,000
Lake Authur	\$275	\$500	\$70,000

Source:
Chaves County Citizen Survey, May 2005,
City/Town samples.

Top housing needs. Chaves County’s housing market—and the top needs in the County—are best described in terms of three defining characteristics: *Affordability, Condition and Access*.

Housing affordability. Housing in Chaves County is generally fairly affordable and, for most households, is it as economical to pay a mortgage on the median priced home than it is to rent. However, a comparison of housing units to incomes shows that the County’s poorest households are largely underserved by the current housing market.

Exhibit ES-7, on the following page, identifies two stark gaps in housing provision in the County, as indicated by the negative numbers on the table:

- There are 800 too few rental units for people earning less than \$10,000 per year; and
- Many households in the County occupy units that are much less expensive than they could afford.

Exhibit ES-7.

Gaps Between Households and Affordable Units, Chaves County, 2004

	<i>Number of renter households</i>	<i>Number of occupied rental units</i>	<i>Gap in rental units</i>	<i>Number of owner households</i>	<i>Number of occupied owner units</i>	<i>Gap in owner units</i>
Extremely low-income (0-30% of MFI)	1,855	1,033	(822)	1,844	3,471	1,627
Very low-income (31-50% of MFI)	1,098	2,538	1,440	1,899	3,421	1,523
Low-income (51-80% of MFI)	1,286	1,634	348	2,858	3,247	389
Moderate-income (81-100% of MFI)	619	133	(487)	1,685	876	(809)
Middle-income (100-120% of MFI)	408	59	(349)	1,385	563	(822)
Upper-income (121% or greater of MFI)	<u>1,123</u>	<u>212</u>	(911)	<u>6,368</u>	<u>962</u>	(5,405)
Total	6,389	5,608		16,039	12,541	

Source: PCensus, U.S. Census Bureau, 2000 Census, HUD, U.S. Census Bureau, Manufacturing and Construction Division and BBC Research & Consulting.

Other data point to affordability housing needs in the County: data on cost burden reported from the 2000 Census and collected through the citizen survey suggest that one-fifth of the County’s households are paying more than 30 percent of their household income in housing costs (a standard measure of affordability). Cost burden is affecting as many as 40 percent of the County’s renter households—or about 2,200 renter households—and 19 percent of the County’s homeowners—or about 2,300 households. In addition, 19 percent of renters (1,070 households) and 8 percent of homeowners (900 households) were “severely” cost burdened, paying 50 percent or more of their incomes for housing costs. Cost burden in the County is highest for lower income populations, seniors, younger people and renters.

Finally, as many as 4,300 people in the County have been homeless at some point in their lives, according to the citizen survey conducted for this study. The top two reasons for being homeless according to the respondents was not being able to afford a place to live (22 percent) and becoming sick and unable to work (16 percent). What would have helped the respondents avoid homelessness? Respondents who had been homeless cited a variety of reasons, the top being able to find affordable housing.

Housing condition. Data from the citizen survey suggest that there are 5,000 owner occupied units in the County with rehabilitation needs. The data also suggest that as many as 1,200 renter households in Chaves County have trouble getting their landlords to make repairs.

Many of these needs are quite serious: units need windows and doors; heating and air conditioning units are broken or nonexistent; and plumbing is in poor condition or not working. The top reason why households cannot make needed repairs? They cannot afford them.

- Based on Census data, we estimate there are as many as 650 units in the County in severely substandard condition—lacking complete plumbing, heating or kitchens. The citizen survey conducted for this study suggests that there are twice as many units with severe condition issues: 1,200 housing units were identified as being in an “unlivable” condition. The County also reports that there are 1,900 units built before 1939 in the County; these units are also likely to have rehabilitation needs. These units are disproportionately occupied by the County’s lowest income households who are unlikely to afford needed improvements.

- The County’s households living in the worst conditions are some of the lowest income households. And, these housing conditions are disproportionately affecting the County’s children.
- Finally, more than 1,700 units in the County are overcrowded—a potential livability and health issue, as well as an indicator of an affordable housing need.

The areas within the County with the greatest condition needs are not necessarily confined to one central area, as commonly believed. The perception in the County is that the most substandard housing stock is located in certain parts of Roswell. Although this is true to some extent—Roswell has pockets on areas in the central City where rehabilitation needs are great—the Towns in the County also have a clear need for housing stock rehabilitation. For example, as shown in Exhibit ES-8 below, about 10 percent of the rental stock in Hagerman and Lake Arthur is in severely substandard condition.

Exhibit ES-8.
Comparison of Housing Units Lacking Basic Amenities, 2000

	<i>Roswell</i>		<i>Dexter</i>		<i>Hagerman</i>		<i>Lake Arthur</i>	
	%	%	%	%	%	%	%	%
	<i>owner</i>	<i>renter</i>	<i>owner</i>	<i>renter</i>	<i>owner</i>	<i>renter</i>	<i>owner</i>	<i>renter</i>
<i>Total housing units</i>	11,760	5,350	289	83	282	117	101	27
Lacking complete plumbing facilities	0.5%	0.3%	1.0%	0.0%	0.7%	4.3%	4.0%	0.0%
Lacking complete kitchen facilities	0.3%	2.3%	2.1%	0.0%	0.7%	2.6%	0.0%	0.0%
No heating fuel used	0.7%	0.5%	0.7%	0.0%	2.5%	2.6%	2.0%	11.1%
<i>Total units lacking basic amenities</i>	1.5%	3.1%	3.8%	0.0%	3.9%	9.4%	5.9%	11.1%

Note: A unit using no heating fuel includes housing units with heating sources other than utility gas; bottled, tank, or LP gas; electricity; or solar energy.
Source: U.S. Census Bureau, 2000 Census.

Access to housing. There are particular populations in the County for whom access to housing is limited. These include teen mothers needing housing subsidies, persons who are homeless, persons with other special needs, very low-income households and renters who would like to purchase a home.

Access to housing for these groups is limited by long waiting lists for the Section 8 tenant based rental assistance program (TBRA), lack of a homeless shelter in the County, lack of funds for housing rehabilitation programs and lack of knowledge about programs and financing for home purchases by renters who desire to purchase a home.

In the citizen survey conducted for this study, 70 percent of renters said they would prefer to own a home. Top barriers to owning a home identified by the renters were: lack of money for a downpayment, inability to afford monthly mortgage payments and inability to qualify for a loan. Twenty-three percent of renters said they have tried to get a loan for a home and could not, mostly because of poor or bad credit. Hispanics/Latinos were much more likely than Whites to report that they had tried to get a loan and could not. When asked about why they were denied loans, Hispanics/Latinos overwhelmingly cited poor or bad credit as the reason.

In addition, many key person interviewees said that, in general, County residents do not know about downpayment assistance and other housing purchase programs that exist to help renters purchase homes. A greater presence of these programs and increased knowledge about their existence would improve access to housing in the County.

The key people we interviewed identified many housing needs in the County, many of which focused on access to housing. There are very limited services and no official shelters or transitional housing for persons who are experiencing homelessness in Chaves County. Where affordable housing exists for persons with special needs and very low incomes, it is concentrated in areas of poverty and is in substandard condition. Many units in the County have rehabilitation needs, and there are few local grant programs to assist low-income households with these needs. There are also substantial revitalization and community service needs in South Roswell. Finally, the waiting list for the Section 8 program is very long. All of these conditions affect access to housing by the County's populations with the greatest needs: the poor, the homeless, people living in substandard housing and populations with special needs.

Recommendations

Based on our analysis of information gathered in this study, our understanding of the County, City and Towns' needs, in addition to our experience and knowledge of policies in other communities, we offer the following recommendations to Chaves County and the New Mexico Mortgage Finance Authority:

Pursue Community Development Block Grant funds. The federal Community Development Block Grant (CDBG) is a block grant program in which funds are awarded to qualifying cities and counties and all states. The program is a very flexible program—within certain parameters, the funds can be used to address a range of housing and community development needs. The funds must be targeted to areas in communities that have concentrations of low-income populations.

Currently, the County, City of Roswell and incorporated areas are eligible to apply for and receive CDBG funding from the State of New Mexico through a competitive process. If the City of Roswell were eligible to receive CDBG funds *directly* from HUD, the City and County would have an annual allocation of the grant to invest in addressing housing and community development needs in Roswell¹. Currently, the City is unable to qualify because its population has not reached the 50,000 qualifying limit. However, the City could apply for such funds as a “principal city of a metropolitan statistical area.”

In general, the funding could be used for the following activities:

- Acquisition of real property;
- Relocation and demolition;
- Rehabilitation of residential and non-residential structures;
- Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes;

¹ It does not appear that the County could qualify until its population reaches 200,000.

- Public/social services (e.g., to assist special needs populations);
- Activities relating to energy conservation and renewable energy resources; and
- Provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities.

Although the City would be the direct recipient of the funding, the funding could benefit the County significantly through addressing the housing and community needs in Roswell, which are some of the greatest in the County overall.

There are reporting requirements associated with receiving the CDBG grant directly. However, this study already provides much of the information that would be needed for the City in its initial plan for grant allocation (Consolidated Plan).

Explore creating a housing rehabilitation program. The data in this study clearly demonstrate a great need for a broad based housing rehabilitation program in the County. Current funds for such a program are limited. We strongly recommend that the County provide and pursue additional funding for an expanded housing rehabilitation program. This needs to be coupled with a targeted effort to raise awareness of the program in areas of the County with the greatest needs.

Create programs for special needs populations. We recommend that the County convene a group of representatives from area churches, the university, social services, housing and health providers and develop a plan to address the needs of special populations in the County, including the homeless. Such a plan might be modeled after plans in larger cities of “ending chronic homelessness,” which is a current goal of the Bush Administration. The plan would be used to secure funding for a needed homeless shelter and transitional housing, in addition to an emergency rental and utilities assistance program. Funding should be pursued through the Continuum of Care grant program, churches, foundations and partnerships with private businesses.

Focus on revitalization needs in South Roswell. Many areas of South and East Roswell have substantial community revitalization needs, in addition to significant rehabilitation needs. We recommend that the County and City of Roswell work with the community and the university to develop a plan to revitalize the areas in the City with substantial needs. This plan would involve neighborhood and community policing efforts, investing in streetscaping and street safety improvements (e.g., lighting), increasing recreation and educational opportunities for children in the area and an aggressive focus on crime and drug reduction. This effort needs to heavily involve the community if it is to be effective. Although such an effort could require a significant amount of time and City/County involvement, we believe revitalization of this area in the County is vital to the County’s growth and sustainability.

Increase knowledge of downpayment assistance programs. The citizen survey results highlighted the need for downpayment assistance and flexible underwriting for renters who would like to purchase a home in the County. We recommend the County work with MFA and local lenders to more aggressively market MFA’s downpayment and mortgage lending assistance programs to the rental community.

Support increased Section 8 funding. Many people interviewed for this study mentioned the critical importance of the Section 8 voucher program in housing the County's lowest income populations. We recommend that the County support increasing funding of the program at the federal level, to help preserve a program that is vital to meeting the County's housing needs.