

EXECUTIVE SUMMARY

Purpose of the Consolidated Plan and AI

Beginning in fiscal year 1995, the U.S. Department of Housing and Urban Development (HUD) required local communities and states to prepare a Consolidated Plan in order to receive federal housing and community development funding from four programs: the Community Development Block Grant (CDBG), the HOME Investments Partnership Program (HOME); the Emergency Shelter Grant (ESG); and Housing Opportunities for People with AIDS (HOWPA).

The Purpose of the Consolidated Plan is:

1. To identify a city or state's housing and community development needs, priorities, goals and strategies; and
2. To stipulate how funds will be allocated to housing and community development activities.

This report is the FY2006-2010 Five-year Consolidated Plan for the City of Las Cruces (City). The City is a recipient of CDBG and HOME funding.

In addition to the Consolidated Plan, HUD requires that cities and states receiving CDBG funding take actions to affirmatively further fair housing choice. Cities and states report on such activities by completing an Analysis of Impediments to Fair Housing Choice (AI) every three to five years. In general, the AI is a review of impediments to fair housing choice in the public and private sector. This report also contains the FY2006-2010 AI for the City of Las Cruces.

This executive summary reports the findings from the Consolidated Plan and AI research. It also outlines the City's Five-year Strategic Plan and one-year Action Plan which were crafted to respond to the housing and community development needs identified in the research.

Research process. The research process for the Consolidated Plan and AI was both quantitative and qualitative in nature. It involved collection and analysis of demographic, economic, housing and home loan data; a review of the City's housing and land use policies; an assessment of subsidized housing conditions; and a detailed analysis of the affordable housing market. In addition, interviews were conducted with City of Las Cruces residents involved in housing and community development; telephone interviews were conducted of City residents; four public forums and three public hearings were also held. The research process is more fully described in each section of the report.

Socioeconomic and Housing Market Conditions

Understanding the current and future conditions that underlie the City's economy and housing markets is important for planning how to address the City's needs. Sections II through IV of the full Consolidated Plan present information about the City's demographics, economy, housing market and community development conditions. The findings from these sections are summarized below.

Socioeconomic Profile

- As the second largest city in New Mexico, the City of Las Cruces reported a population of 82,611 in 2005. Population growth in Las Cruces was very strong from 2000 to 2005, increasing by about 12 percent, or at a compound annual rate of 2.35 percent. Between 2000 and 2005, the City's population grew two-thirds as quickly as it did during the entire past decade (1990 to 2000).
- Hispanics comprise the majority of residents in Las Cruces at 56 percent of the City's population. Sixty-eight percent of Las Cruces' residents report their race as White. The City is fairly diverse geographically, as no block group contains more than 8 percent of the total White population or more than 6 percent of the total Hispanic population.
- Population growth by age group supports the City's image of a desirable place for retirees. Between 2000 and 2004, the fastest growing age cohort in the City was age 75 and over (18 percent increase). The second highest age cohort was 25 to 34 years, at a 16 percent increase, followed by those aged 45 to 54 years (12 percent increase).
- Earnings, when accounting for inflation, have been stagnant between 2000 and 2004. In 2000, 23 percent of Las Cruces' population, or 16,763 people, were living below poverty level. The State's poverty rate in 2000 was 5 percentage points lower than the City's at 18.4 percent. The City's children have the highest incidence rates of poverty, with one-third living below the poverty level.
- Future employment growth in the City is expected to occur in the City's dominant industry—education—in addition to occupations in professional and business services, retail/hospitality and healthcare. These professions garner earnings ranging from very-low to moderate, relative to the City's current median income level.

Housing Market Conditions

- Since 2002, when the last housing market analysis was conducted, the City of Las Cruces has experienced strong growth in development of housing, particularly single family housing. The number of single family units permitted in 2005 exceeded 1,400—a 75 percent increase over prior year levels.
- New housing growth means that the City’s housing is in better condition overall. However, the City has pockets of areas where housing is in severely substandard condition, where households are living in overcrowded conditions and where households are likely living in units with lead-based paint. The home repairs needed by the City’s lowest income households and households with disabilities are usually critical: electrical systems, flooring, heating and roofing.
- The City’s rental market has been fairly stable since 2000—particularly compared to the for sale market. The average rent is around \$547; the median rent is \$475. Still, only about half of the City’s renters make enough to afford a market rate studio apartment.
- Home prices—particularly for new homes—have been on a sustained increase since 2001. In 2004, only 12 percent of the housing units for sale in the City were affordable to low- to moderate-income households. Existing renters have a very difficult time finding homes to buy: an estimated 90 percent cannot afford to buy the average priced resale; 95 percent cannot afford the average priced new home.
- There are an estimated 3,600 renter households earning less than \$15,000 who need housing that is affordable for their income levels. The need for affordable rental housing is greatest for households earning less than \$5,000 per year—the City has a shortage of 2,100 units to serve this income group. The City’s very poorest households cannot even afford monthly rental payments with their income levels, much less utility payments.
- The gaps analysis for owner-occupied housing estimates a shortage of 3,700 units for homeowners earning less than \$30,000 per year. There is adequate stock for homeowners earning more than \$50,000 per year. Many households in Las Cruces appear to have purchased their homes with large downpayments or have built equity in their homes over time.

Quantification of Housing Needs, City of Las Cruces, February 2006

Source:
BBC Research & Consulting.

Measure of Need	Indicator 1	Indicator 2	Indicator 3
Renters			
# needing less expensive housing	2,310 have significant trouble paying rent	2,000 cannot cover utilities	988 live in crowded conditions
# with housing quality problems	283 are in severely substandard housing	1,320 have lead-based paint risk	850 are in "unlivable" housing
# who cannot afford to buy	12,000 cannot afford avg. priced resale	13,000 cannot afford avg. priced new home	
Owners			
# needing less expensive housing	715 have significant trouble paying mortgage	643 live in crowded conditions	
# with housing quality problems	265 are in severely substandard housing	2,184 have lead-based paint risk	200 are in "unlivable" housing

Special Needs Populations

Due to lower incomes and the need for supportive services, special needs groups are more likely than the general population to encounter difficulty paying for adequate housing and often require enhanced community services. An analysis of the housing and community development needs of special needs populations is included in the Consolidated Plan and revealed the following:

- The City of Las Cruces is home to approximately 11,500 seniors. The majority of elderly in the City own their homes and live somewhat independently. However, national estimates suggest that approximately 700 elderly residents in the City may live in housing that is in substandard condition. Over one-quarter of the elderly in the City are estimated to have a mobility disability, self-care or go-outside-the-home disability.
- A point-in-time count of persons experiencing homelessness in the City in December 2005 found 185 persons who were occupying emergency shelters, sleeping on the streets or sleeping in the county jail. There were an additional 58 women, children and youth staying in transitional housing. Finally, there were 143 persons known to be occupying motels and potentially 205 occupying motel rooms. Therefore, on December 8, 2005, the population of persons who are homeless in Las Cruces is estimated at between 185 (street and shelter) to 386 (street, shelter, transitional housing and motels).
- An updated count conducted in March 2006 found 257 persons who were occupying emergency shelters, sleeping on the streets or sleeping in the county jail. There were an additional 37 women, children and youth staying in transitional housing, and an estimated

150 and 200 people occupying motel rooms. Therefore, on March 22, 2006, the population of persons who are homeless in Las Cruces is estimated at between 257 (street and shelter) to 444 (street, shelter, transitional housing, jail and motels). There are also an estimated 2,000 to 3,000 persons who were at-risk of homelessness as of February 2006.

- Surveys of persons experiencing homelessness between November and December 2005 found that a disproportionate percentage of persons who are homeless are not fluent in English. Children who are homeless are mostly part of single, female-headed households. Most persons who are homeless sleep in shelters or somewhere “outside.” One-fourth has regular employment. The primary reasons they became homeless were lack of affordable housing, lack of employment and due to a disability.
- Using national incidence rates, there are an estimated 1,100 individuals with severe developmental disabilities in the City of Las Cruces. The trend in serving these individuals is to move away from institutionalized care towards smaller group homes and integrated community settings. Supportive services primarily provide case management and counseling services, as well as job placement for those who are able to participate in the employment sector. Service providers note a great need for affordable housing that provides people with developmental disabilities with a supportive environment where they can live with several, unrelated individuals.
- According to the most recent data on HIV/AIDS populations, an estimated 100 people living with HIV/AIDS in the City of Las Cruces need housing, but there are currently only nine subsidized units in the City targeted to such individuals. Additionally, there are 38 supportive service slots to assist people living with HIV/AIDS who remain in their homes.
- The citizen telephone survey conducted for this study found that 20 percent of the City’s households have one or more people with a disability. Although these individuals have access to various state and federal income and housing subsidy programs to support their housing needs, these programs may not be adequate, depending on individual needs. There are less than 35 deeply subsidized rental units in the City that have accessibility features.
- There are approximately 5,400 individuals with mental illnesses and 4,500 persons with substance abuse problems in the City of Las Cruces. Southwest Counseling Center is a major service provider to persons with mental illnesses and substance abuse problems. Key person interviews and attendees of the public forums identified a need for a detox center and expanded mental health services in the Las Cruces area.
- It is difficult to determine the exact number of migrant farm workers in Las Cruces, but service providers estimate as many as 800 may live within City limits. A recent survey of farm workers found that more than half of farm workers are housing cost-burdened and most workers are renters living in apartments or mobile homes. The survey also found that many workers live in crowded conditions and are in housing with condition problems, most commonly poor and inadequate plumbing and heating/cooling systems.

Fair Housing

The Analysis of Impediments to Fair Housing Choice revealed several impediments and a number of areas for fair housing improvement in the City of Las Cruces:

Las Cruces residents experience discrimination in housing and “do nothing”.

- Almost 8 percent of respondents to the telephone survey said they have experienced housing discrimination at some point. About 63 percent said the discrimination occurred in Las Cruces. These data suggest that about 4,000 people in Las Cruces have experienced discrimination at some point.
- The most common reason for the discrimination according to survey respondents was race (42 percent), followed by having children (21 percent).
- Most respondents (77 percent) “did nothing” about the discrimination. About 18 percent talked to a legal services organization/agency or called a local governmental office.

Certain populations in Las Cruces have trouble accessing credit.

Residents of the Mesquite/Old Town neighborhood, a largely Hispanic neighborhood, face particular challenges in securing home loans. This may be due to numerous factors, including low incomes, poor credit histories, high debt-to-income ratios, reluctance to use formal financial institutions or others—but it points to a need for homebuyer education and credit counseling targeted to those populations. Also, in general, non-Whites (other than Asians and Hawaiians/Pacific Islanders) have higher denial ratios than Whites and non-Hispanics.

The City should more actively encourage affordable housing development.

Many of the housing providers interviewed for the AI expressed concern about the City’s impact fees and development policies, noting that they increase the cost of housing. These individuals suggested that the City provide more assistance for affordable housing development in the form of fee waivers, land donation, “fast-track” approval process and granted variances. They also would like to see incentives for private sector builders to provide affordable housing.

Strategic Plan and Action Items

Based on the research conducted for the FY2006-2010 Consolidated Plan and AI, the City has developed the following plan for addressing current and future housing and community development needs:

Strategic Goals. The City has six overall goals for meeting its housing and community development needs between FY2006 and 2010:

- A. Increase the supply of affordable housing units for low- to moderate-income homebuyers.
- B. Increase affordability of rental housing for the City's lowest income renters.
- C. Preserve existing affordable housing stock.
- D. Assist special needs populations with social service and housing needs, including needed improvements to public facilities.
- E. Improve public infrastructure, economic and housing conditions in low-income, economically-challenged and deteriorating neighborhoods.
- F. Strengthen the City's ability to address fair housing issues.

Objectives of Strategic Plan. To carry out the six goals, the City has established the following objectives:

Goal A: Increase the supply of affordable housing units for low- to moderate-income homebuyers.

Objectives:

- A1. Continue to assist developers of affordable housing for low-income homebuyers with land acquisition, development and operational costs.
- A2. Encourage developers of new housing stock to include housing set aside for low- to moderate-income homebuyers.
- A3. Research and analyze the feasibility and potential effects of a local ordinance to encourage or mandate mixed-income housing in new developments, as well as an ordinance for the provision of City land, funds, or services for the development of affordable housing in accordance with the state's Affordable Housing Act, including considering permit and fee waivers to encourage development of affordable housing for low- to moderate-income buyers.
- A4. Explore the feasibility of a housing trust fund that would, in part, provide downpayment assistance to first time homebuyers or continue to provide downpayment assistance through the PaymentSaver program to qualified homebuyers.

Goal B: Increase affordability of rental housing for the City’s lowest income renters.

Objectives:

- B1. Work to reduce vacancy rates in the City’s most affordable rental developments and improve the efficiency of utilizing existing funds for tenant based rental assistance.
- B2. Explore the feasibility of a rental rehabilitation program which would require an investment “match” from owners.
- B3. Seek and obtain alternative funding sources to assist the lowest income renters with rent and utilities payments, including exploring the feasibility of a housing trust fund that would, in part, provide emergency rent payment and utilities assistance to the City’s lowest income renters.

Goal C: Preserve existing affordable housing stock.

Objectives:

- C1. Continue to assist homeowners with repair needs through the City’s homeowner housing rehabilitation program.
- C2. Through the City’s housing rehabilitation program, provide grants that improve access for the disabled (exterior porches/access) and weatherization in owner-occupied mobile homes.
- C3. Explore the feasibility of a rental rehabilitation program which would require an investment “match” from owners.
- C4. Reduce the hazards of lead-based paint in housing by providing lead abatement and removal through the City’s housing rehabilitation program and if feasible, any such efforts as part of any established rental rehabilitation program.
- C5. Explore the feasibility of a housing trust fund that would, in part, provide emergency rent and mortgage payments and utilities assistance to the City’s lowest income renters and owners—helping to keep them in their affordable apartments and homes.
- C6. Evaluate the cost effectiveness of modifying the home rehabilitation program to include demolition and reconstruction of severely substandard homes or those with extensive lead based paint hazards.
- C7. Explore programs to assist with septic tank removal and assist homeowners with the costs of connecting to public sewer systems.

Goal D: Assist special needs populations with social service and housing needs.

Objectives:

- D1. Continue to fund *housing* programs and developments targeted to special needs populations.
- D2. Continue to fund *social service* programs targeted to special needs populations.
- D3. Explore job training and formalized day labor programs to assist persons who are homeless build skills and obtain employment.
- D4. Increase affordable housing opportunities for special needs populations through the activities listed in Goals 1 and 2.
- D5. Continue to provide disability-related improvements to disabled homeowners through the City's home rehabilitation program.
- D6. Improve accessibility of the City through extension and installation of sidewalk systems.
- D7. Fund public facility improvements targeted to special needs populations.

Goal E: Improve public infrastructure, economic and housing conditions in low-income, economically-challenged and deteriorating neighborhoods.

Objectives:

- E1. Install sidewalks, street and street lighting to specific areas of the City, based on need.
- E2. Improve accessibility of the City through extension and installation of sidewalk systems.
- E3. Explore job training and formalized day labor programs to assist the City's lowest income populations build skills and obtain steady employment.
- E4. Invest in community development programs to spur economic development in economically-challenged and deteriorating neighborhoods.
- E5. Assess the need and feasibility of subsidized child care and after school programs for youth serving low-income children and families.
- E6. Explore programs to assist with septic tank removal and assist homeowners with the costs of connecting to public sewer systems.
- E7. Evaluate structures and systems to improve code enforcement's ability to be proactive in addressing neighborhood and housing condition problems.

Goal F: Improve the City's ability to address fair housing issues

- F1. Increase all applicable City department staff and public board's awareness and knowledge of fair housing issues. This includes providing ongoing and new employee training to all department employees who have contact with the public (e.g., customer service).
- F2. Increase residents' awareness and knowledge of fair housing issues.
- F3. Make it easier for residents to get information about fair housing and how to make fair housing complaints.
- F4. Increase information about access to credit in targeted neighborhoods through homebuyer education and fair housing education and awareness.
- F5. Encourage a policy change to make New Mexico State Law be substantially equivalent to the Federal Fair Housing Law.

Please see the full Consolidated Plan for specific information on the implementation of these goals and action items, in addition to benchmarks for the goals accomplished during FY2006.