Housing Development in Las Cruces, New Mexico

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ECONOMIC & RURAL DEVELOPMENT & POLICY COMMITTEE

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CLC THE HOUSING CONTINUUM

- Tenant Based Rental Assistance
- Public Services Grants for Non-profits providing supportive services
- Single Family Affordable Housing Development
- Multifamily Affordable Housing Development
- Home Rehabilitation
- Mobile Home ADA Ramp Program

- **Utility Connection Program Gas & Sewer**
- **Fair Housing Awareness & L/T Hotline**
- **AH Land Bank and Trust Fund**
- **AH Impact Fee Waivers**
- **Revolving Loan Fund for SF Construction Financing**
- **Emergency Handyman Program**
- **Housing Policy (NM)**
- **Nuisance Abatement Team (Comm Dev)**
- **Metropolitan Redevelopment Areas (Econ Dev)**

NEW MEXICO #34*

In **New Mexico**, the Fair Market Rent (FMR) for a two-bedroom apartment is **$1,308**. In order to afford this level of rent and utilities – without paying more than 30% of income on housing – a household must earn **$4,359** monthly or **$52,302** annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly Housing Wage of:

$25.15
PER HOUR
STATE HOUSING WAGE

FACTS ABOUT NEW MEXICO:

STATE FACTS	
Minimum Wage	$12.00
Average Renter Wage	$18.96
2-Bedroom Housing Wage	$25.15
Number of Renter Households	251,477
Percent Renters	30%

84
Work Hours Per Week At **Minimum Wage** To Afford a **2-Bedroom Rental Home** (at FMR)

69
Work Hours Per Week At **Minimum Wage** To Afford a **1-Bedroom Rental Home** (at FMR)

2.1
Number of Full-Time Jobs At **Minimum Wage** To Afford a **2-Bedroom Rental Home** (at FMR)

1.7
Number of Full-Time Jobs At **Minimum Wage** To Afford a **1-Bedroom Rental Home** (at FMR)

Workforce Affordability
Dona Ana County, 2024

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8/31/2026
Average List Price
$428,885
Average Sales Price
$341,725

		Rental Affordability		Purchase Affordability		
	Average Annual Wage	Max Affordable Rent	Can Afford Median Rent?	Max Affordable Price	Can Afford Median Home Price?	Can Afford Median Home Price with 2 Earners per Household?
Goods-Producing	**$49,432**	**$1,236**	**Yes**	**$138,032**	**No**	**No**
Natural Resources and Mining	$38,495	$962	No	$107,492	No	No
Construction	$55,680	$1,392	Yes	$155,478	No	No
Manufacturing	$48,670	$1,217	Yes	$135,904	No	No
Service-Providing	**$50,052**	**$1,251**	**Yes**	**$139,764**	**No**	**No**
Trade, Transportation, and Utilities	$41,857	$1,046	Yes	$116,879	No	No
Information	$52,879	$1,322	Yes	$147,656	No	No
Financial Activities	$62,511	$1,563	Yes	$174,553	No	Yes
Professional and Business Services	$62,575	$1,564	Yes	$174,732	No	Yes
Education and Health Services	$50,542	$1,264	Yes	$141,130	No	No
Leisure and Hospitality	$23,932	$598	No	$66,826	No	No
Other Services	$39,574	$989	No	$110,505	No	No
Public Administration	$86,626	$2,166	Yes	$241,890	No	Yes
Total Employment	***$49,973***	***$1,249***	***Yes***	***$139,543***	***No***	***No***

Note: Median rent is the CoStar rent estimate of $1,032 in 2024. Median home price is the 2024 median value of homes purchased with a mortgage of $315,000. Average annual wages reflect 2024 average wages from the Quarterly Census of Employment and Wages (QCEW). Purchase affordability calculations assume a 30-year mortgage at 6.72% interest with 10% down and 35% of monthly housing costs to other expenses such as insurance, HOA fees, and utilities. Calculations assume both earners work in the same industry.

Las Cruces Best Practices

Leadership & Commitment
- Unified Council commitment to affordability and livability
- Housing reform viewed as an investment in long-term prosperity
- Policies shaped by Las Cruces values and community needs
- Housing Dept. is a standalone direct report to City Manager

Land Use & Zoning
- ADUs, live-work units, duplexes, quadplexes, townhomes, and multifamily **housing allowed by right**
- Character Areas/Place Types recognize Rural, Suburban, and Urban development patterns
- Increased density, Reduced setbacks and more flexible development standards
- Reduced or eliminated parking requirements
- Continually evaluate and adjust the code as development conditions evolve

Development-Friendly Processes
- **Fast-track permitting** for affordable housing development
- Flexible standards that support diverse housing types (MRAs as tools for redevelopment)
- Greater predictability for developers and housing partners
- **Remove unnecessary regulatory barriers** while maintaining quality and neighborhood compatibility

Make it easier to build more housing, in more forms, at a range of price points, while preserving what makes Las Cruces unique.

State Funds in Action:
Las Cruces

GOals ACCOMPLISHED

Office of Housing - $11,075,000
$3M in ERAP2 and Casa Connections

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Project Name	Amount Expended	Impact
Amador Crossing*	$2,043,478	**50 permanent supportive housing units** serving people experiencing or at risk of **homelessness**
Arcadia 4 Subdivision	$3,250,000	52 affordable **homeownership** lots developed in partnership with Habitat for Humanity and Tierra del Sol
Peachtree Phase I*	$4,300,000	**144 affordable rental** units for families earning up to 60% AMI
Pedrena Senior Apartments*	$400,000 $2M (ERAP2)	**80 affordable rental** units for **seniors age 55+**, serving households earning up to 60% AMI
Skylark Subdivision	$1,081,522	**32 affordable homeownership** lots developed in partnership with Tierra del Sol
Three Sisters*	$1M (Casa Connections)	**70 units** affordable rental units for **families**
*also funded by Housing NM	**TOTAL:**	**428 units**
	2026-2027 Pipeline **($2.8 Office of Housing and $1.4M Capital Outlay)**	**300 additional units**

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Need for Recurring Funding for **Housing Development and Homeless Programs**

Building a More Predictable Housing and Homelessness System

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New Mexico has made significant investments in housing and homelessness.

The challenge is not simply the amount of funding. It is how the funding is structured.

Communities need predictable funding that matches the time required to develop housing and sustain various support services.

Good Housing strategy needs time and funding

Two opportunities:

1. A recurring, larger-scale housing development fund or greater allocation to State TF.
2. A recurring, flexible homelessness fund of $15–20 million annually.

The Current Funding Model Makes Long-Term Planning Difficult

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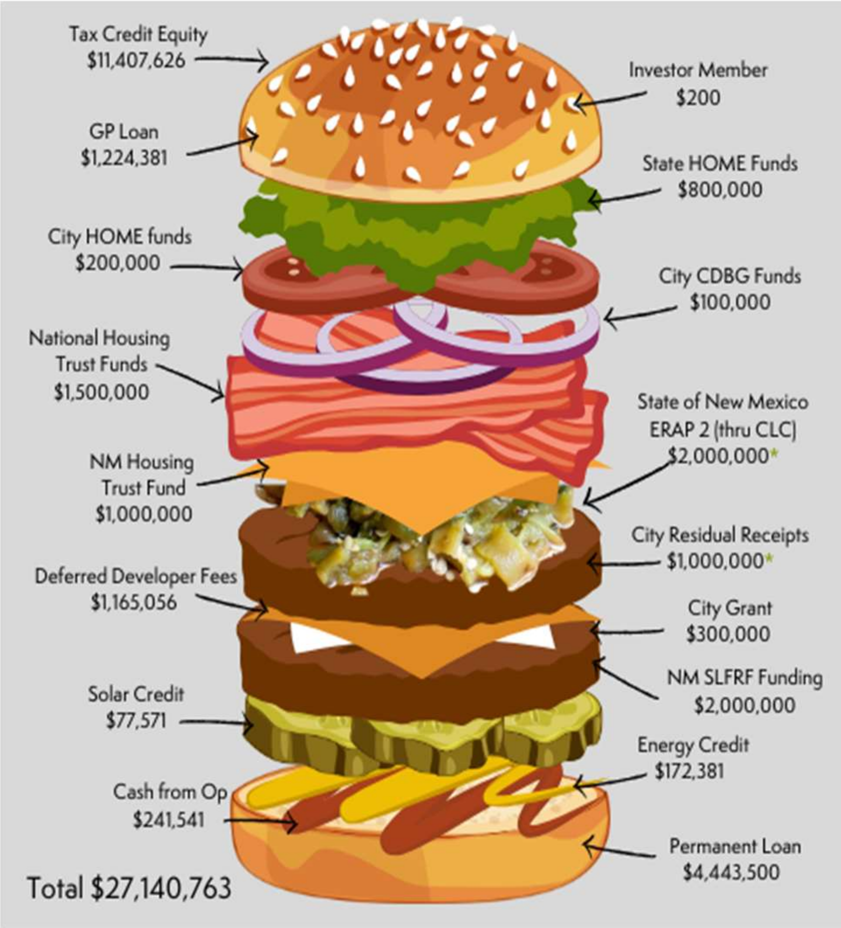
Most New Mexico housing and homelessness investments are one-time appropriations.

- Local governments and developers must assemble projects that are one funding source and one legislative session at a time.
- Funding programs frequently have different application cycles, requirements, eligible costs, and expenditure deadlines.
- Communities may receive enough funding to start planning a project but not enough to complete it.
- Providers may receive short-term program funding without knowing whether they can retain staff or continue services the following year.
- The result is delay, higher costs, and a system that remains reactive.



Development Is A Multi-Year Process

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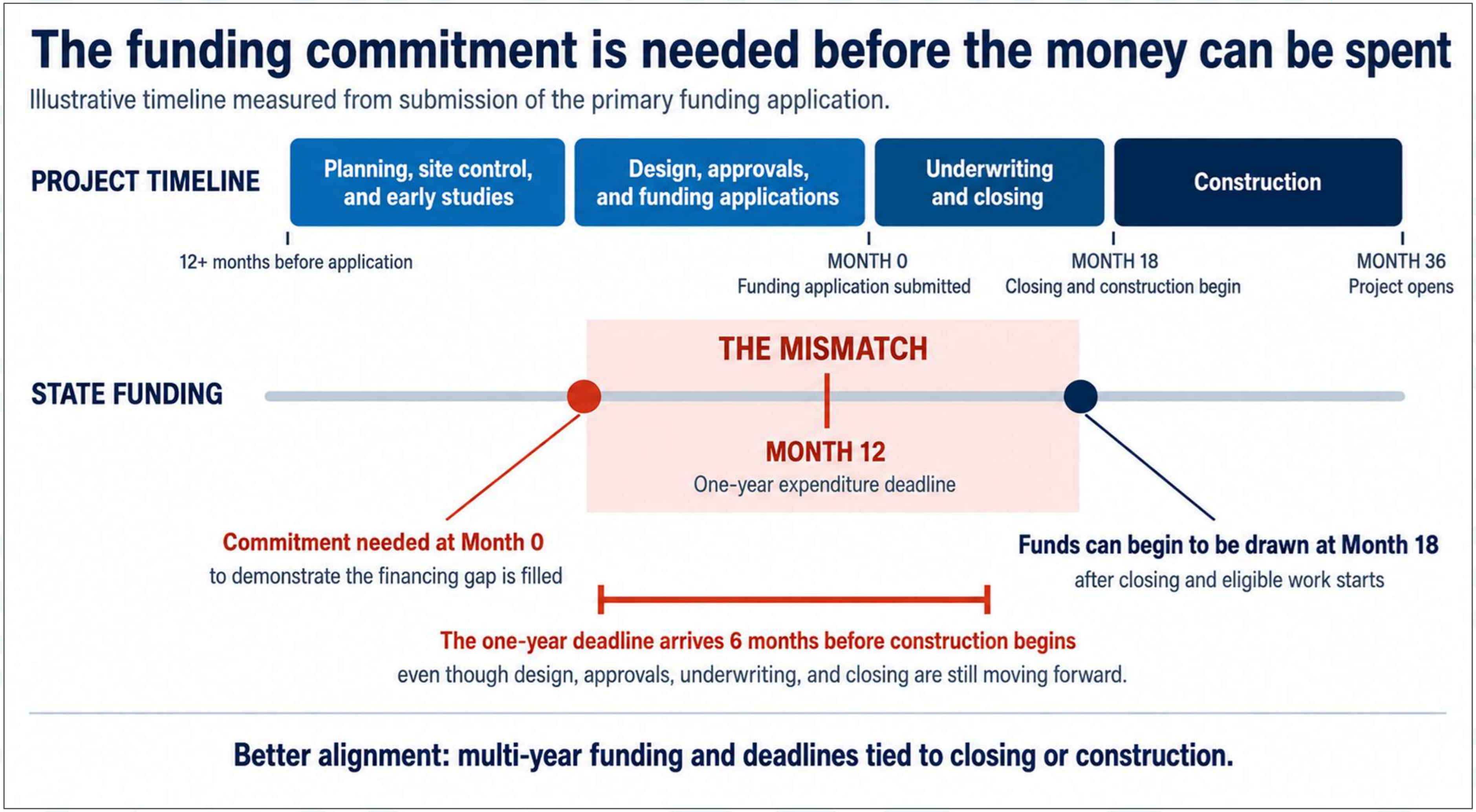
A housing development commonly takes several years to move from project selection to opening.

Work may include:

- Site control
- Environmental and other studies
- Design and engineering
- Zoning, permitting, and approvals
- Competitive funding applications
- Underwriting
- Bidding and cost updates
- Coordination of multiple financing sources
- Financial closing
- Construction

The time between a funding award and construction is not downtime.

The project is continuing to move forward, but many construction funds cannot yet be drawn.



City of Las Cruces CIP starts 15 months before the session

Development Is A Multi-Year Process

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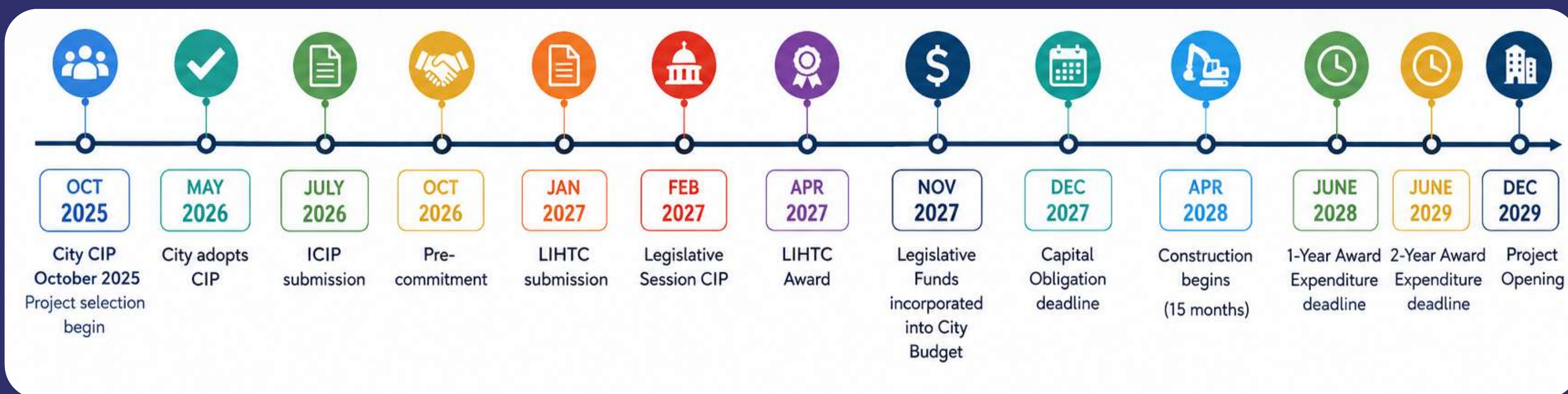

Short Funding Cycles Create Real Project Costs

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Short funding cycles have unintended consequences:

- Projects may need to seek reauthorization even when development is proceeding normally.
- Uncertainty about whether funding will remain available can make other funders reluctant to commit.
- Developers may have to rebid work or revise financing when deadlines are missed.
- Construction costs may increase while the project waits for another funding cycle.
- Local staff spend time managing extensions and reauthorizations instead of advancing projects.
- Smaller and rural communities are particularly disadvantaged because they often have fewer staff and fewer sources available to bridge a timing gap and developers are less likely to work in rural communities.

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Concept One:

Establish A Recurring Housing Development Fund or Expand State Housing Trust fund

Recurring Housing Development Fund

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Create a significant, recurring state funding source for housing development.

- Allow communities to plan and advance multiple projects over several years.
- Provide reliable commitments that can leverage federal, local, and private financing.
- Support rental, homeownership, workforce housing, preservation, and adaptive reuse.

Build a Pipeline, Not One Project at a Time

Allow funding to cover predevelopment, acquisition, infrastructure, and construction gaps.

- Provide multi-year spending authority that reflects how long housing development takes.
- Tie expenditure deadlines to closing, construction start, or another documented milestone.
- Use progress reporting, extensions, and reallocation procedures to maintain accountability.

Importance of Flexible Funding and Capacity

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A recurring fund allows local governments and developers to plan beyond the next legislative session.

- Approved by Colorado voters in 2022, Proposition 123 created a permanent State Affordable Housing Fund supported by an amount equal to 0.1% of annual state taxable income. It dedicates existing income-tax revenue to housing without creating a new tax.
- Funding can support predevelopment, acquisition, preservation, rental housing, and homeownership.
- Colorado also invested in local staff, planning, training, and technical assistance.
- The lesson for New Mexico: communities need both project funding and the capacity to use it effectively.

Concept Two:

Establish A Recurring Flexible Homelessness Fund

Recurring Flexible Homelessness Fund

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Establish a recurring state appropriation of $15–25 million annually.

- Support the full homelessness response system, not only capital projects.
- Give communities flexibility to respond to different local needs.
- Stabilize programs and preserve capacity when federal funding is reduced, delayed, or restricted.

Fund the Full Homelessness Response Continuum

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Funding to support the full continuum:

- Prevention, street outreach, and emergency shelter
- Bridge housing, rapid rehousing, and supportive housing services
- Housing navigation, transportation, and connections to services
- Data systems, local coordination, provider capacity, and federal funding backfill

Recurring State Funding Provides Stability

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- Proposition 123 provides recurring funding for homelessness prevention, supportive housing, and emergency rental assistance.
- This state funding allowed Colorado to continue rental assistance after federal emergency programs ended.
- Colorado also separately funds an Eviction Legal Defense Fund, demonstrating how multiple recurring state investments can work together to stabilize the housing system.
- The lesson for New Mexico: recurring state funding can preserve essential programs and fill gaps when federal resources change.

Conclusion

The Policy Opportunity for New Mexico

Policy Opportunity for New Mexico

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1. Move from isolated appropriations to predictable systems of investment.
2. Establish a recurring, multi-year development fund that allows communities to build and maintain housing pipelines.
3. Align expenditure deadlines with the actual development and construction process.
4. Establish a recurring $15–25 million flexible homelessness fund.
5. Allow homelessness funding to support the full continuum, from street outreach through permanent housing stability.
6. Use consistent reporting and performance measures to maintain accountability.
7. Give local governments and providers the predictability needed to plan, hire, leverage other funding, and deliver results.

Housing at the State Level

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- Build local government capacity to implement housing through funding, training, technical assistance, and implementation support.
- Fund targeted grant programs that fill current gaps, including non-LIHTC rental housing, predevelopment, and infrastructure coordination, without duplicating rental, PAB, or soft-funding programs administered by Housing New Mexico.
- Provide statewide strategic coordination across state agencies and departments to align housing policies, investments, resources, and priorities.
- Track and consolidate statewide housing data to measure investments, housing production, needs, gaps, and outcomes across agencies and communities.
- Advance non-financial strategies that remove barriers to housing production, including land-use reform, expedited permitting, streamlined procurement, and other locally adaptable best practices.