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Lea County Housing Demand Analysis

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Summary:

A population-to-employment analysis of Lea County showed a shortage of 1,700 housing units at the end of 2023. Current population projections from the University of New Mexico estimate that Lea County will grow by 13.9% between 2020 and 2040. By including a housing ratio in this projection, it is estimated that Lea County will need at least another 4,300 housing units to support this population growth.

Previous Housing Plans and Projected Housing Needs:

City of Hobbs Multifamily Market Study (2006):

Todd Clarke, CCIM, Criss West, and Mary Villanueva (Cantera Consultants) authored a 2006 market study for multifamily development in Hobbs. Based on expected employment growth, they forecasted that the city’s additional multifamily housing demand would be 135 units in 2006, 288 units in 2007, 642 units in 2008, 684 units in 2009, and 804 units in 2010 (cumulative). They pointed out ten sites for the development of multifamily units, most of which have been filled in.

Site	Address	Size	What it was in 2006	What it is in 2024
A	4630 Lovington Highway	7 Acres	Vacant	Sleep Inn & Suites
B	N Calle Grande & W Calle Sur	3 Acres	Vacant	Low-Density Multifamily Units
C	W Spears Dr & N Acoma Dr	N/A	Vacant	Vacant/Low-Density Single-Family Units
D	W Calle Sur & Mescalero Dr	N/A	Vacant	Single-Family Subdivision
E	Joe Harvey & Calle Sur	31 Acres	Vacant	Commercial
F	Dal Paso & Campbell	N/A	Vacant	Commercial/Industrial/Vacant
G	E Michigan Dr & East Bender Blvd	3 Acres	Vacant	Office/Commercial/Vacant
H	Joe Harvey & N Grimes St	5.1 Acres	Vacant	Commercial
I	Joe Harvey & N Grimes St	20 Acres	Vacant	Commercial

Lea County Affordable Housing Plan (2011):

Lea County adopted an Affordable Housing Plan in 2011 and has not completed an updated housing plan since then. The plan excludes Hobbs but projected the following needs:

Projected Housing Needs	Ownership Units	Rental Units
Lovington	12 New Units	170 New Units
Eunice	12 New Units	69 New Units
Jal	12 New Units	63 New Units
Tatum	5 New Units	53 New Units
Lea County	41 New Units	355 New Units

<https://www.leacounty.net/DocumentCenter/View/173/Lea-County-Affordable-Housing-Plan-PDF>

Lea County Recreational Master Plan (2013):

Dekker/Perich/Sabatini and Market & Feasibility Advisors authored the Lea County Recreational Master Plan in 2013 for the Lea County Quality of Life Committee. One of their Findings in their Executive Summary noted that Lea County has an acute housing shortage that is limiting economic development opportunities. They noted that the number of housing units in the county grew by 6.5% (1,500 units) between 2000 and 2010, even though there were an additional 9,216 residents in the county during that time period. As a result, hotel rooms had an average occupancy rate of 73.3% over the last year, due to residents living in hotel rooms. They noted that economic development projects that rely on hotel room availability needed to be strategically timed to coincide with improved housing availability.

City of Hobbs Housing Needs Assessment (2015):

The 2015 Housing Needs Assessment gave various recommendations on the types of housing that the City of Hobbs needed between 2015 and 2020 and had key insights into the community trends. They projected that the total need for the city of Hobbs was between 1,200 and 2,200 units, with the range given the uncertainty in future job growth at that time.

2015 City of Hobbs Housing Needs Assessment: Projected Housing Needs	Ownership Units	Rental Units
City of Hobbs	1,010 to 1,580 New Units	280 to 620 New Units

<https://edcl.org/wp-content/uploads/2019/01/Hobbs-HNA-FINAL-WITH-APPENDIX-2015.pdf>

MFA's Housing Strategy (2022):

In the 2022 New Mexico Housing Strategy, Lea County was projected to add 1,609 new households between 2020 and 2035, representing an increase of 6% in the number of households. By keeping household size and tenure constant, they project that the county will need:

1. 549 new rental units by 2035 to account for population growth
2. 1,061 new homeownership units by 2035 to account for population growth

In addition, the report highlights that there are 2,061 cost-burdened households and 2,074 extremely cost-burdened households in Lea County. There is also a “rental gap” of 317 units in Lea County, where 317 households under 30% AMI pay more than 30% of their income for housing costs.

https://housingnm.org/uploads/documents/New_Mexico_Housing_Strategy_Complete_Report_Sept_2022.pdf

2023 Population to Employment Analysis

By using the ACS 2022 5-Year Survey's Population and Housing estimates in conjunction with the average employment for 2023, we can estimate Lea County's total population in 2023 and its estimated housing needs, based on current occupancy and employment ratio assumptions.

	Estimated Population	73,103	ACS 2022 5-Year Survey
-	Population in Group Quarters	2,394	ACS 2022 5-Year Survey
=	Population in Housing Units	70,709	
	Total Housing Units	27,854	ACS 2022 5-Year Survey
-	Vacant Housing Units	3,475	ACS 2022 5-Year Survey
=	Occupied Housing Units	24,379	
	Population in Housing Units	70,709	
/	Total Occupied Housing Units	24,379	
=	Population to Housing Ratio	2.9004	
	Estimated Population, 2022	73,103	ACS 2022 5-Year Survey
/	2022 Average Employment	30,384	NM QCEW, 2022
=	Population to Employment Ratio	2.4059	
	2023 Average Employment	32,235	NM QCEW, 2023
*	Population to Employment Ratio	2.4059	
=	Estimated Population – 2023	77,554	
-	Estimated Population in Group Quarters	2,539	(3.27%, 2022)
=	Estimated Population in Housing Units	75,014	
/	Population to Housing Ratio	2.9004	
=	Estimated Housing Demand	25,863	
+	Vacancy Allowance	3,686	(12.48%, 2022)
=	Total Housing Demand	29,550	
-	Total Housing Units, 2022	27,854	
=	Estimated Housing Gap	1,696	

At the end of 2023, the estimated housing gap for Lea County was nearly 1,700 units, assuming that the number of people per household, vacancy rate, and population-to-employment ratio stay the same.

EBM & Projected Housing Demand from Future Job Growth

By combining data from the Bureau of Labor Statistics on the local area employment for Lea County and the American Community Survey, we can also estimate the projected incremental housing demand from new jobs.

The Economic Base Model below projects that for every 500 additional jobs brought into the county, there is the potential additional demand for 1,262 housing units.

**BLS: QCEW NAICS Sectors - Lea County
2023, Fourth Quarter, All Establishment Sizes**

Bureau of Labor Statistics
NM QCEW - Department of Workforce Solutions, LASER

NAICS Code	Lea County Q4 2023		National Q4 2023		Location Quotient	Basic Employment
	Average Employment	Local % "e"	Average Employment	National % "E"		
NAICS 11 Agriculture, forestry, fishing and hunting	432	0.0130	1,253,338	0.0081	1.60	163
NAICS 21 Mining, quarrying, and oil and gas extraction	7,739	0.2333	584,410	0.0038	61.62	7,613
NAICS 22 Utilities	431	0.0130	581,900	0.0038	3.45	306
NAICS 23 Construction	3,040	0.0916	8,048,248	0.0521	1.76	1,310
NAICS 31-33 Manufacturing	575	0.0173	12,818,120	0.0830	0.21	-
NAICS 42 Wholesale trade	877	0.0264	6,130,863	0.0397	0.67	-
NAICS 44-45 Retail trade	3,398	0.1024	15,791,019	0.1023	1.00	5
NAICS 48-49 Transportation and warehousing	2,017	0.0608	6,680,188	0.0433	1.41	582
NAICS 51 Information	187	0.0056	2,913,939	0.0189	0.30	-
NAICS 52 Finance and insurance	443	0.0133	6,281,636	0.0407	0.33	-
NAICS 53 Real estate and rental and leasing	530	0.0160	2,401,696	0.0156	1.03	14
NAICS 54 Professional, scientific, and technical services	801	0.0241	10,739,994	0.0696	0.35	-
NAICS 55 Management of companies and enterprises	151	0.0046	2,550,350	0.0165	0.28	-
NAICS 56 Administrative and support and waste management and remediation services	1,530	0.0461	9,338,727	0.0605	0.76	-
NAICS 61 Educational services	87	0.0026	3,237,345	0.0210	0.13	-
NAICS 62 Health care and social assistance	2,597	0.0783	21,647,181	0.1402	0.56	-
NAICS 71 Arts, entertainment, and recreation	85	0.0026	2,424,113	0.0157	0.16	-
NAICS 72 Accommodation and food services	3,207	0.0967	13,915,471	0.0901	1.07	217
NAICS 81 Other services (except public administration)	635	0.0191	4,591,174	0.0297	0.64	-
Federal Government	90	0.0027	2,969,913	0.0192	0.14	-
State Government	278	0.0084	4,732,275	0.0307	0.27	-
Local Government	4,043	0.1219	14,745,681	0.0955	1.28	874
Total	33,173	1.0000	154,377,579	1.0000		11,083

Lea County EBM - December 2023 **2.99**

Lea County - Economic Model

New Jobs to Housing Demand

$$\begin{array}{rcl}
 \mathbf{500} & \times & \mathbf{2.99} & = & \mathbf{1,497} \\
 \text{total new jobs} & & \text{EBM, Lea County*} & & \text{total new jobs} \\
 \text{announced} & & & & \text{supported}
 \end{array}$$

$$\begin{array}{rcl}
 \text{Lea County} & & \mathbf{73,103} & & \\
 \text{population**} & & \hline & & \\
 \text{Employment, Private \&} & & \mathbf{30,384} & = & \mathbf{2.41} \\
 \text{State, Local Gvmt***} & & & & \text{population to} \\
 & & & & \text{employment ratio}
 \end{array}$$

$$\begin{array}{rcl}
 \mathbf{1,497} & \times & \mathbf{2.41} & = & \mathbf{3,601} \\
 \text{total new jobs} & & \text{population to} & & \text{total new people} \\
 \text{supported} & & \text{employment ratio} & &
 \end{array}$$

$$\begin{array}{rcl}
 \text{total new people} & & \mathbf{3,601} & & \mathbf{1,242} \\
 & & \hline & = & \text{total new households} \\
 \text{\# of people per} & & \mathbf{2.9} & & \\
 \text{household**} & & & &
 \end{array}$$

68.52% that own**

31.58% that rent**

849 new single family residences needed

392 new multifamily units needed, at 100% occupancy

413 new multifamily units needed, at 95% occupancy

*Source: Tab 2 Calculations, **Source: 2022 ACS 5 Year, ***Source: BLS QCEW, Q4 2023

2040 Population Projection Estimates:

The Geospatial and Population Studies department at the University of New Mexico compiles population projections for every county in the state based on current trends with births, deaths, and net migration. According to their latest data release, Lea County's population is projected to grow 13.9% between 2020 and 2040. By including a Population-to-Housing Ratio of 2.63 persons per household (consistent with an average between the 2010 Census and the 2020 Census and in line with the 2023 population-to-employment analysis estimate of 2.62), the population growth projections can be used to estimate housing demand.

If household size stays consistent and the county continues to experience population and job growth, then an estimated 4,300 additional housing units will be needed by 2040 to support the projected population growth across the county.

	Population	Housing Units	Population to Housing	Projected Demand	Unit Gap (From 2020 Census)
Census 2010	64,727	24,919	2.60		
Census 2020	74,455	27,950	2.66		
Projected 2025	78,781		2.63	29,995	2,005
Projected 2030	82,337		2.63	31,307	3,357
Projected 2035	84,395		2.63	32,089	4,139
Projected 2040	84,796		2.63	32,242	4,292

<https://gps.unm.edu/pop/population-projections.html>

This method of calculating projected housing demand hinges on a consistent population-to-housing ratio through 2040. Household size has been decreasing across the state for some time, and if that trend continues, these projections are an understatement of housing demand in 2040.

Potential Undercount: School Enrollment:

In discussions between Ventana Fund, the Maddox Foundation, and the Lea County Economic Development Corporation, it was noted that the Census may have undercounted the number of people living in Lea County and Hobbs.

As of May 24, 2024, the Hobbs Municipal School District had 10,207 students enrolled in the school system. In 2022, the number of students enrolled was 9,990. According to Census Data, the total population living within the boundaries of the Hobbs Municipal School District was 49,793 in 2022, giving the district a 20.06% enrollment rate (compared to the state of New Mexico's enrollment rate of 14.91% and the national enrollment rate of 16.82%).

	Population Estimate (2022)	Enrolled in Public Schools (2022)	% Enrolled
Hobbs Municipal Schools	49,793	9,990	20.06%
New Mexico	2,112,463	315,023	14.91%
United States	331,097,593	55,700,000	16.82%

The average enrollment rate in New Mexico and the United States is 15.87%. Suppose this expected enrollment rate is used to estimate the population within the Hobbs Municipal School District

boundaries. In that case, the expected population is 62,958 (13,165 more than the ACS estimates for 2022 and 11,701 more than the Census Estimates for 2020).

If this is true, the need for additional housing in Hobbs and the County becomes even more pressing.

NM Estimate for enrolled students:

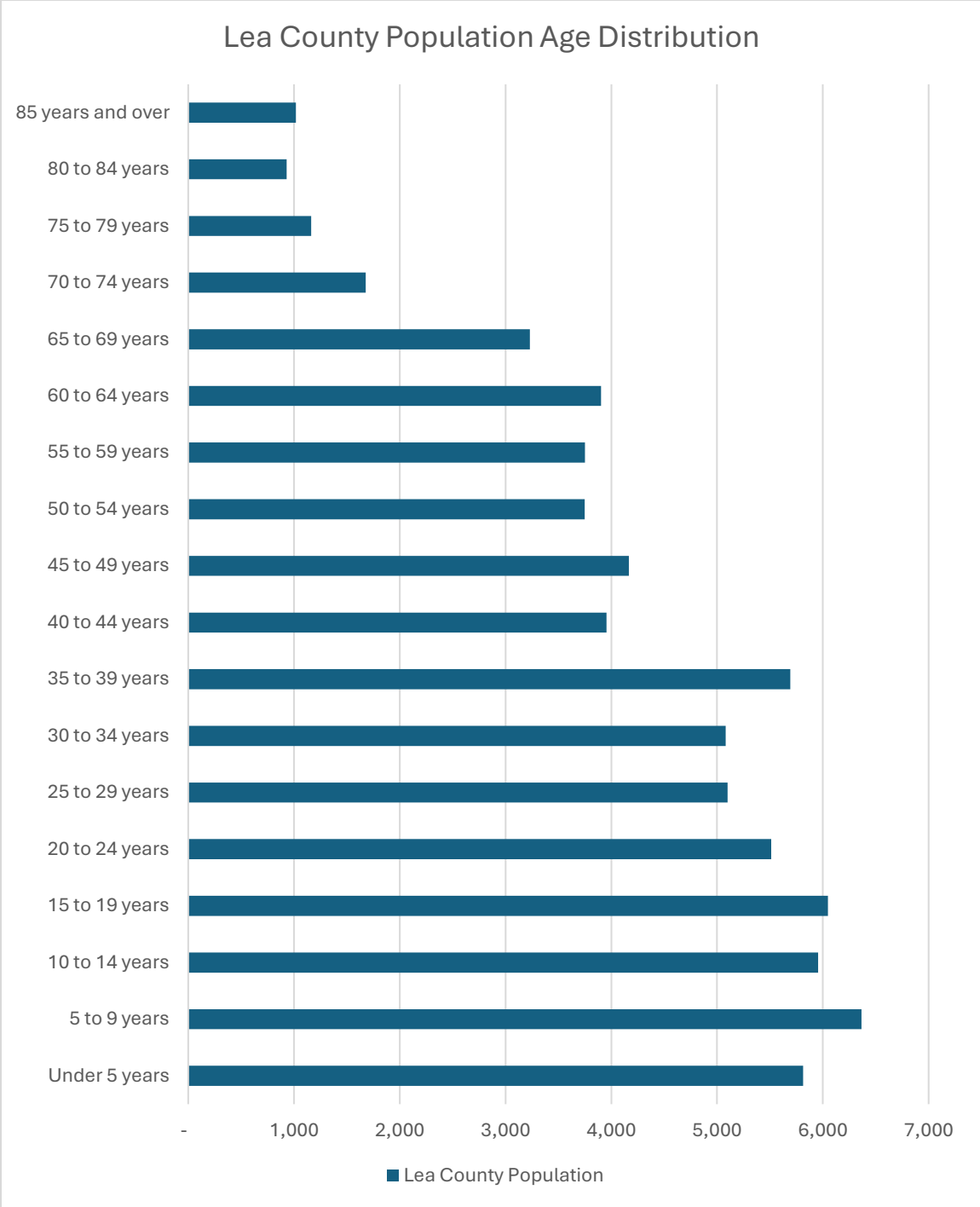
https://nces.ed.gov/ccd/districtsearch/district_detail.asp?Search=2&DistrictID=3501260&ID2=3501260&details=1

US Estimate for enrolled students:

<https://nces.ed.gov/ccd/elsi/tableGenerator.aspx?savedTableID=649123>

Population Age Distribution, Lea County

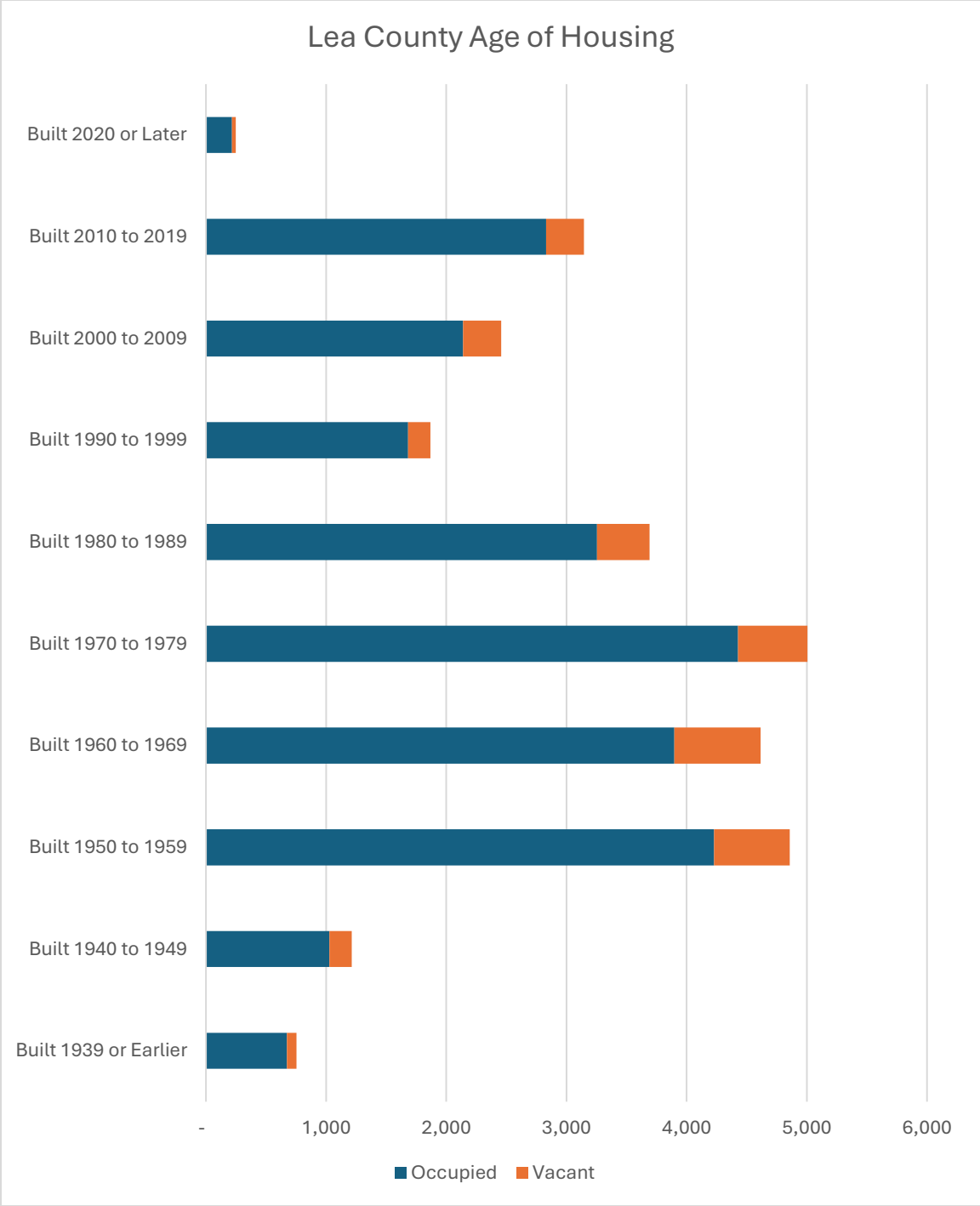
ACS 2022 5-year data for Lea County suggests that the population in the county is significantly younger than the state of New Mexico. The median age statewide is 38.6 years old, while Lea County's median age is 32.2 years old. An estimated 8,017 of the 73,103 people in the county are over the age of 65 (11% of the population).



ACS 2022 5-Year Survey, Table S0101

Age of Housing

The ACS Survey estimates that the median age for housing units in Lea County is 1975. Over half of the county's occupied housing units were built between 1950 and 1979.



ACS 2022 5-Year Survey, Tables B25036 & B25034

Seller’s Market in Hobbs

In Hobb’s News Sunday edition, published July 21, 2024, Rich Trout published a piece called “Seller’s Market in Hobbs: Low Inventory, High Prices.” The piece discusses the need for additional

housing in the county while giving statistics on the housing market. Lea County has seen a 31% increase in home prices since 2019.

Lea County	2019	2023	2024 (Jan – July)	% Change
Average List Price	199,443	246,685	246,460	23.6%
Median List Price	183,000	225,000	239,950	31.1%
Number of Homes Sold	679	623	328	
Average Days on Market	104	30	45	-56.7%

Habitat for Humanity Applications

In April 2024, David Reed from the Maddox Foundation spoke to Habitat for Humanity in Lea County. They indicated that they had received over 300 home applications in 2024, breaking records, as a typical year receives 150 applications.

Apartment Vacancy Rates in Hobbs, as of March 21, 2024

In March 2024, the Economic Development Corporation for Lea County surveyed apartment owners about occupancy rates. Most apartment complexes surveyed were between 97% and 100% occupied.

