

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

BILL NUMBER: House Bill 200

SHORT TITLE: New Homes for New Mexico Program

SPONSOR: Reps. Parajon and Martínez, J/Sen. Berghmans

LAST UPDATE: _____ **ORIGINAL DATE:** 1/29/2026 **ANALYST:** Ortega/Weaver

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$25,000.0	Nonrecurring	General Fund

*Amounts reflect most recent analysis of this legislation.

Duplicates House Bill 168

Sources of Information

LFC Files

Agency or Agencies Providing Analysis
New Mexico Mortgage Finance Authority

SUMMARY

Synopsis of House Bill 200

House Bill 200 (HB200) appropriates \$25 million from the general fund to the Department of Finance and Administration for expenditure by the New Mexico Mortgage Finance Authority (MFA) in FY27 and subsequent fiscal years for the purpose of creating and administering the New Homes for New Mexico Program.

MFA may provide loans to eligible buyers for the purchase of a starter home constructed by an eligible builder. Loan assistance may not exceed \$50 thousand per household for homes located outside the boundaries of a high-cost county (Los Alamos, Santa Fe, and Taos), or \$75 thousand per household for homes located within a high-cost county. To qualify, an applicant must be a first-time homebuyer who has not previously owned a home, earn less than 120 percent of the area median income for a family of four in the county in which the home is located, as determined by the United States Department of Housing and Urban Development, and agree to occupy the home as the buyer's primary residence.

MFA will select participating homebuilders through a competitive procurement process. Selection will be based on programmatic and project-specific criteria, including the number of

homes proposed, limitations on starter home size and lot dimensions, and the projected sale price. Starter homes may not exceed 1,800 square feet, and lot sizes may not exceed 5,000 square feet. Applicants must also demonstrate marketing and sales strategies and provide a project timeline, with construction of each starter home required to be completed within three years of program selection.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

The appropriation of \$25 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY27 shall not revert to the general fund. Because the appropriation is nonrecurring and loan repayments are uncertain, continuation or expansion of the program beyond the initial capitalization may require additional future appropriations if demand exceeds available revolving funds.

HB200 appoints MFA to administer the program, including rulemaking, competitive procurement of eligible builders, loan origination and servicing, compliance monitoring, and periodic verification of owner occupancy. These responsibilities may result in increased operating and administrative expenses for MFA. MFA states it will “staff appropriately to administer a new program to eligible builders and eligible homebuyers”; however, it is unclear whether associated staffing and administrative costs will be absorbed within existing resources or paid from the program account.

SIGNIFICANT ISSUES

Because loans must be repaid upon sale of the property or failure to occupy the home as a primary residence, the appropriation is expected to function as a revolving fund, with repayments available for future loans. However, the timing and amount of repayments are uncertain and depend on housing market conditions, borrower behavior, and program uptake.

MFA currently administers several housing finance and development programs serving first-time and income-qualified homebuyers and homebuilders. These include multiple downpayment assistance programs that provide forgivable or low-interest loans to moderate- and low-income households, as well as single-family development initiatives that offer construction financing, below-market loans to developers, and subsidized homebuilder programs with sales price limitations. Collectively, these programs involve loan origination and servicing, underwriting, compliance monitoring, and partnerships with private builders and lenders.

MFA provides the following context regarding the relationship between HB200 and the Affordable Housing Act:

House Bill 200 amends the Affordable Housing Act to create the new homes for New Mexico program, which would already be permissible under the Affordable Housing Act. The Affordable Housing Act is the affordable housing exception to the anti-donation clause in the New Mexico constitution and includes high level parameters for affordable housing donations and programs. The Affordable Housing Act does not authorize any specific affordable housing program or project, rather it provides the state, local

governments, the New Mexico Mortgage Finance Authority, and school districts the ability to use public funds and assets for affordable housing purposes. The New Homes for New Mexico program as proposed is consistent with Affordable Housing Act requirements.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates House Bill 168

TECHNICAL ISSUES

MFA reports that:

HB200 requires that “the authority shall solicit competitive bids for eligible builders to participate in the program in accordance with the provisions of the Procurement Code.” MFA is not subject to state procurement as a quasi governmental entity. The New Mexico Mortgage Finance Authority has a board of directors that approves the organization’s procurement policies.

AO/DW/cf/sgs