



THE
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COALITION

Economic and Structural Barriers Limiting Housing Production

A statewide view, with rural communities and economic development at the center

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Economic and Rural Development Committee | October 2026

Housing is economic development

Businesses cannot grow if workers cannot afford to live within reach of their jobs.

447

jobs supported in one year by
building 100 homes in New
Mexico

49%

of New Mexico renters are
cost-burdened, along with
1 in 5 homeowners

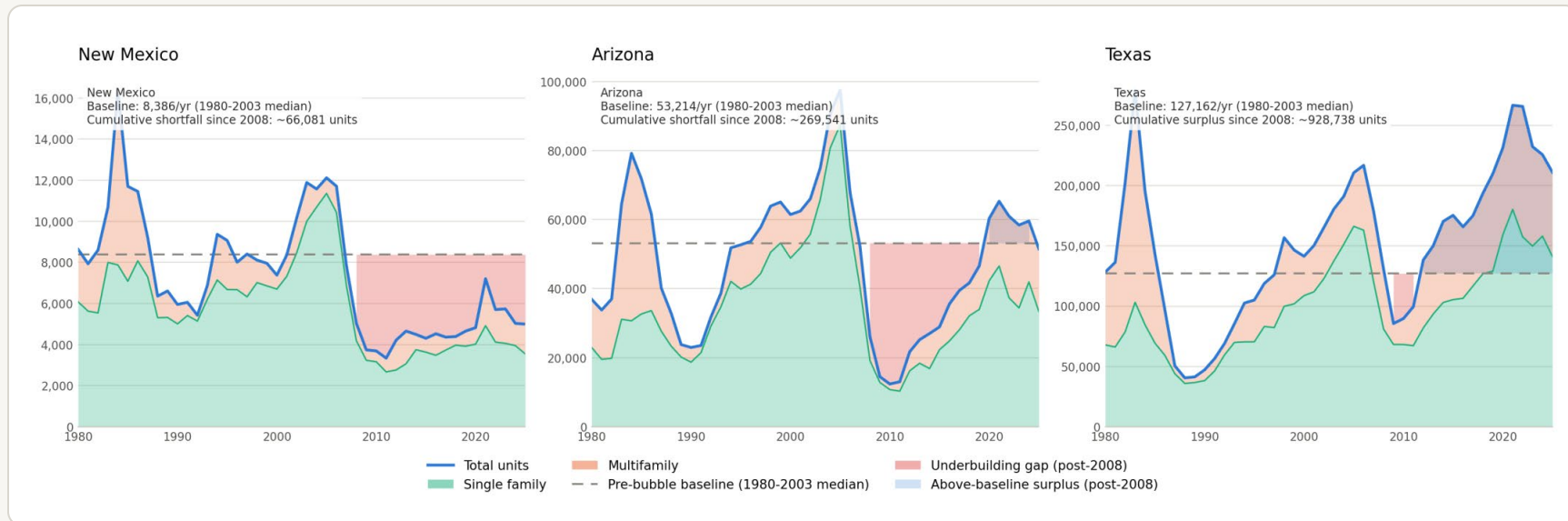
50%+

of Americans have turned
down, or would turn down, a
job move over housing costs

“Employment without attainable housing is a job. Employment with attainable housing is a life.”

Where's the recovery?

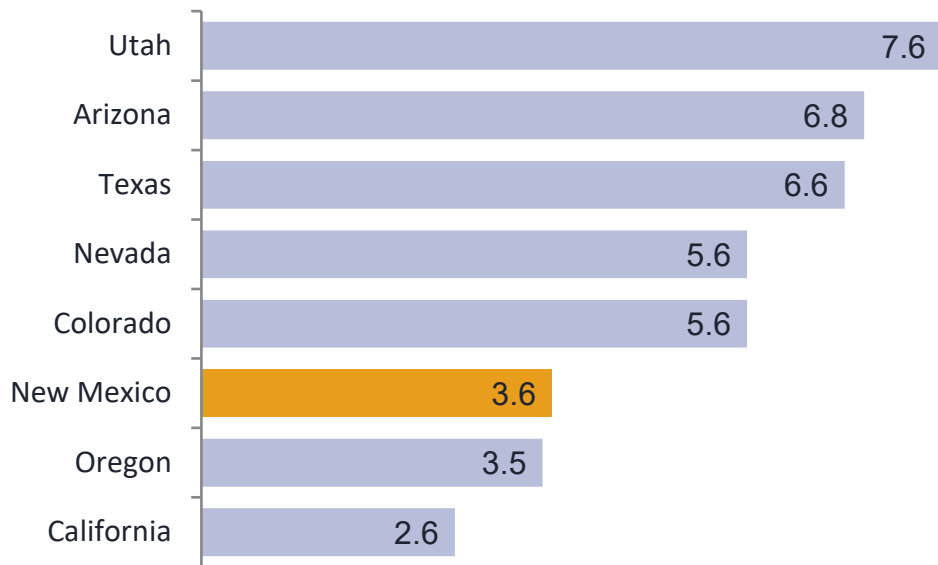
Arizona and Texas have returned to their own pre-2008 building pace. New Mexico has not.



~66,000 homes below New Mexico's own pre-2008 pace since 2008

New Mexico permits fewer homes than its neighbors

Housing permits per 1,000 residents, western states, 2025



2nd lowest

in the region for permits per capita, 2018–2025

+15% growth in NM permits 2010–2020, vs. +143% nationally

80% of recent permits are single-family; under 2% are duplexes to fourplexes

When three ingredients come together, homes get built

Like a fire, housing production needs fuel, oxygen, and a spark, all at the same time.

FUEL

The goods

- Capital from banks, investors, and government
- Land with workable zoning codes and utilities
- Buyers and renters who can afford what can be built

OXYGEN

The environment

- Clear, predictable rules
- Water, sewer, power, & infrastructure ready
- Faster predictable approvals
- Room to try new home types

SPARK

The catalyst

- A builder willing and able to take the risk
- Someone to bring the pieces together
- Momentum to keep building

Policy can supply the fuel and oxygen. New Mexico's builders bring the spark.

In rural New Mexico, every barrier is magnified

Demand exists, but small projects carry big fixed costs and few hands to do the work

Infrastructure

Land may exist, but water and sewer costs are spread over few homes

Labor

Rural projects rely on crews imported from Albuquerque

Capacity

Limited staff, partners, and admin (and technical) support to assemble complex financing.

Factory-built

Manufactured shipments down 80% since 1996, though they are 15% of homes

“

A young country in its building phase creates opportunities for engineers, architects, and builders.

A mature country in its negotiating phase creates opportunities for lawyers, consultants, analysts.

Paraphrasing economist Mancur Olson, *The Rise and Decline of Nations* (1982), as discussed in Ezra Klein and Derek Thompson, *Abundance* (2025)

Proven fixes exist, and many cost little

Remove barriers before spending. Then put public dollars where they unlock the most homes.

RULES

3 mo. → 1 mo.

Austin, TX cut site-plan review time by measuring it like any other city service

No new spending

INFRASTRUCTURE

\$16K per home

Salem, OR paid \$3M for water, sewer, and streets to unlock 183 affordable homes

Public keeps the asset

CAPITAL

\$20M → \$400M

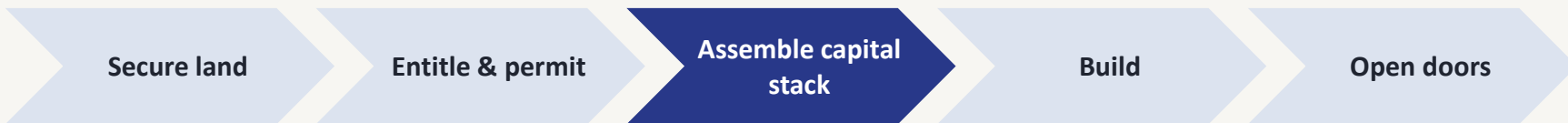
Chattanooga, TN revolving fund is repaid and reused; projected development over 20 years

Same dollar builds twice

Some fixes are local. Others need the state: approval timelines, fee limits, and patient capital.

Deals take years. Funding must be patient and nimble.

A typical 9% tax-credit project takes 3 to 5 years from site selection to completion



FLEXIBLE

Fits urban, rural, and tribal deals and many housing types

PATIENT

Stays available across fiscal years, the affordability spectrum, w/ no short deadlines

NIMBLE

Arrives when the deal is ready to close

\$14K vs. \$60K

State cost per home when it fills the final gap vs. when it is the primary funder

Rural deals often lack the other capital that gap funding needs.

New Mexico taxes the whole house

Tax built into the cost of the same \$475,000 new home in three states

New Mexico



\$25,113
5.3% of price

Texas



\$13,120
2.8%

Colorado



\$12,496
2.6%

What gets taxed

New Mexico

Materials, labor, and the builder's fee

Texas and Colorado

Materials only

About \$12,000 more per home than Texas or Colorado, built into the price every buyer pays

The Attainable New Home Credit

New Home Affordability GRT Credit Act (2027): every dollar of savings goes to the buyer

THE CREDIT	\$15,000 or 4.875% of the home's taxable cost, whichever is less
STATE SHARE ONLY	Local and county GRT are untouched, so no hold-harmless is needed
ATTAINABLE HOMES	Primary residences under Housing NM Home First price limits (\$566K in most counties)
PROOF FIRST	Builder submits the closing disclosure and recorded deed before any credit is issued

On a \$425,000 home

\$14,016

credit passed to the buyer

\$197 a month lower payment if used to buy down the rate (6.25% to 5.5%), like a \$26,500 price cut

Sunsets June 30, 2030: the Legislature sees real results before deciding to renew



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Part 2 – Market Rate and Affordable Multifamily in Rural Cities and Counties

What are the challenges with Rural, Market Rate Multifamily?

Financing Problem

Completed Value is worth less than cost to build it

- Construction costs are **20% or more** than Albuquerque, resulting in **\$220,000** or more to build one apartment unit
- **\$220,000 per unit** does not include soft costs (municipal fees, design fees, water rights, etc) or land.
- Leads to overall costs of over **\$300,000** per apartment unit
- Requires rents to be north of **\$2.00 per square foot**, or for a typical 1 bedroom of 700 SF, **\$1,400**

Rural areas of New Mexico (outside of oil and gas territory) cannot support these rents

What are the challenges with Rural, Market Rate Multifamily?

Tax Lightning

New construction leads to massive increase in property taxes

- Inflation from 2021-2024 drove up the costs and the value of multifamily communities
- The property taxes would equate to about **\$1,600 to \$3,450 per unit** depending on the rural County.
- Stabilizing property taxes through new legislation, the Workforce Housing Creation Act or MRAs could help close the financing gap.
- Stabilizing the property taxes is the equivalent of reducing the costs of construction by **\$23K to \$50K** depending on the County.

The Workforce Housing Creation Act can reduce costs by up to \$50K per unit and create affordable units!

What are the challenges with Rural, Market Rate Multifamily?

Zoning

Simple changes to zoning and land use regulations can unlock opportunity

Zoning in certain rural counties and cities may need changes to attract developers

Create “by right” zoning for residential development of all types

Support “Housing Ready Communities” by incentivizing cities and counties to update their zoning codes to facilitate “by right” residential development.

What about Affordable Multifamily Development?

Demand exists throughout New Mexico for more Affordable multifamily development

Higher Costs

Same situation as market rate, **20% or more** expensive than Albuquerque

AMI Rents

AMI rents are significantly lower than Albuquerque or Santa Fe, thus requiring more subsidy to fill the gap financing.

Scale

Many rural communities can only support small projects (**under 50 units**) which makes LIHTC financing too cumbersome.

Gap Funding

Local gap sources are rare. Rural deals depend on state funds, and inflation and federal cuts widen the gap.

Complexity

Layering multiple funding sources to fill gap slows deals, and delays cost real money.

Support

Communities need predevelopment funding and technical help from the State to get projects started.

Infrastructure

A free site still needs costly offsite water, sewer, and roads that small communities can't fund.

Solutions for Rural Multifamily Development

The Workforce Housing Creation Act

- Creates workforce housing & solves property tax lightning

State Assistance for establishing and utilizing MRAs

- Metropolitan Redevelopment Areas provide opportunities that rural areas can use today to help make projects feasible. Albuquerque has the playbook, easily replicated with State support

State appropriation of money

- Rural LIHTC projects need gap financing directly from the State
- Need infrastructure funding

Unlock the State Investment Council for Housing Investment

- SIC needs some structural changes to allow for investment in multifamily projects.

Today's opportunity: a Coalition ready to help

18 founding members, from builders and Realtors to state housing and workforce agencies



2027 Policy Framework

- 01 Housing Ready Communities
- 02 Bridge to Housing Attainability
- 03 Reforming Tax Policy That Dissuades Housing Creation
- 04 Rural Housing Development Incentives

Urban, Rural, Tribal | Transitional to Workforce homes | Tools for small family builders