



October 4, 2026

Representative Derrick Lente, Chair

Senator Carrie Hamblen, Vice Chair

Members of the Revenue Stabilization and Tax Policy Committee

New Mexico Legislature

Santa Fe, New Mexico

Re: Affordable Housing Revitalization Income Tax Credit (234612.2)

Dear Chair Lente, Vice Chair Hamblen, and Members of the Committee:

The Center for Housing Economics urges the committee consider the attached discussion draft creating the Affordable Housing Revitalization Income Tax Credit, a revised version of House Bill 77 from the 2026 legislative session.

We appreciate the Committee's effort to give tax proposals meaningful consideration before the 2027 session. Reviewing proposals during the interim gives legislators, staff, state agencies, local communities and advocates room to test assumptions, identify implementation issues and improve legislation before the compressed pace of a sixty-day session. We are grateful for the opportunity to bring this proposal back through that process and welcome the Committee's questions and suggestions.

Over the summer, we traveled throughout the state, visiting rural communities and talking with local leaders, housing providers, developers, and residents about the housing challenges they face. Every community is different, but one issue came up repeatedly: vacant and abandoned buildings and properties.

In many rural and urban communities, these properties are not simply eyesores, they are lost opportunities. They represent buildings, land, and infrastructure that already exist but are not producing housing or contributing to the local economy. At the same time, these communities are struggling to attract the investment needed to put those properties back into productive use.

The proposed credit is designed to change that equation. It creates an incentive for investment in the renovation, development, or redevelopment of abandoned buildings and vacant lots into single-family or mixed-use commercial and multifamily housing. The credit would equal 30 percent of eligible rehabilitation expenses for properties vacant between two and five years and 40 percent for properties vacant five years or longer, subject to statutory limits. At least 80 percent of the resulting homes must serve households at or below 85 percent of Area Median Income.

Importantly, the legislation recognizes that rural New Mexico needs particular attention. The draft establishes a \$10 million annual cap on revitalization investment vouchers and provides that no more than \$5 million may be used for projects outside rural areas. That structure ensures that rural communities have a meaningful opportunity to benefit from the program rather than competing for every dollar with larger metropolitan projects.



That distinction matters. In a smaller community, one vacant school, motel, commercial building or residential property can be a significant community liability. Yet rehabilitation costs, environmental remediation, infrastructure needs, financing challenges, and the smaller scale of rural projects can make conventional development difficult. A targeted state tax credit can help close that gap and make private investment possible.

New Mexico should not waste buildings, land and infrastructure that already exist. Turning abandoned properties into commercial space and homes creates much-needed housing, removes blight, strengthens neighborhoods, and returns dormant assets to productive use. Those are outcomes we heard rural communities ask for directly.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Valdez", is written over a light blue horizontal line.

Roger Valdez

Director

Center for Housing Economics