NEW MEXICO
LEGISLATIVE
FINANCE
COMMITTEE

Progress Report: Non-Recurring Appropriations for Housing

October 14th, 2026

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KEY POINTS

- More than $700 million in state housing and homelessness resources since FY23
  - Report reviews $524 million in major special appropriations and fund transfers
- State-supported projects are only a small share of overall housing production
- Housing need is not evenly distributed; the deepest affordability gap is among extremely low-income renters
- Public funding has supported many local projects, but statewide priorities and measures of success are not always clear
- Direct appropriations are only one tool; financing, infrastructure, permitting, land-use policy, preservation, and local capacity also affect supply

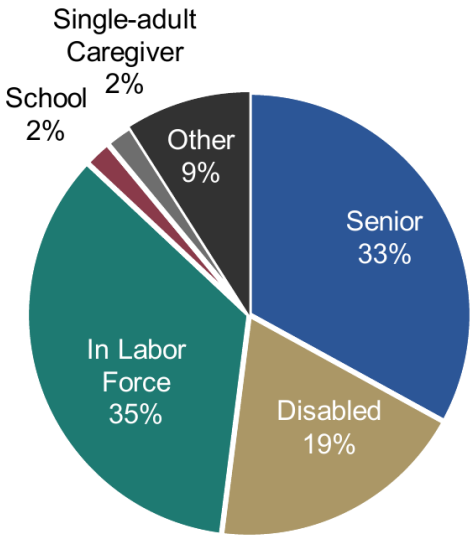
New Mexico has lower rents than many higher-cost states, but affordability remains a significant problem for renters.

Table 3. Family of Four Income Based on AMI

AMI	Albuquerque	Las Cruces	Santa Fe
150%	$150,600	$119,850	$177,900
100%	$100,400	$100,400	$118,600
80%	$80,300	$62,150	$87,500
50%	$50,200	$38,850	$54,700

Source: HUD

Chart 3. New Mexico Extremely Low-Income Renter Households by Householder Characteristic, 2024



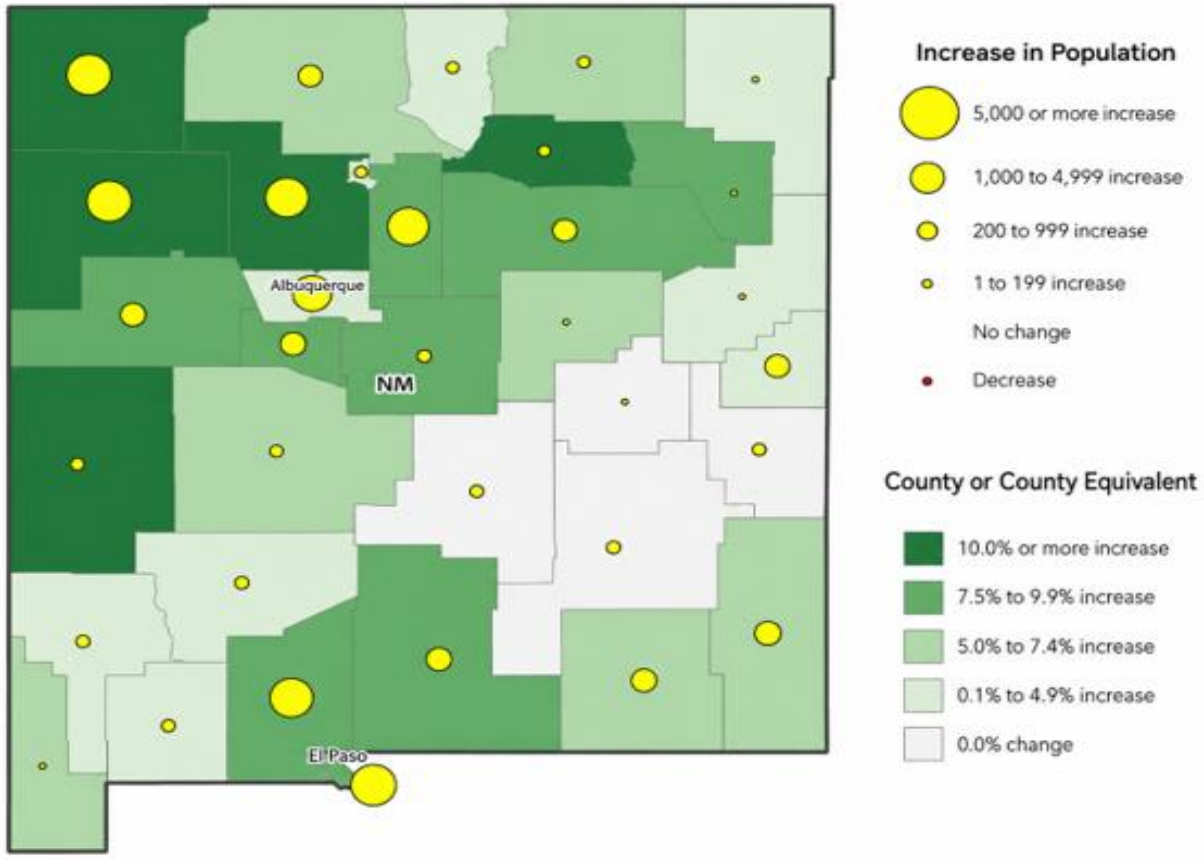
Source: NLIHC

Housing is considered affordable when a household spends no more than 30 percent of its income on housing costs. About 29 percent of New Mexico households are housing cost-burdened, including nearly half of renters.

Source: US Census

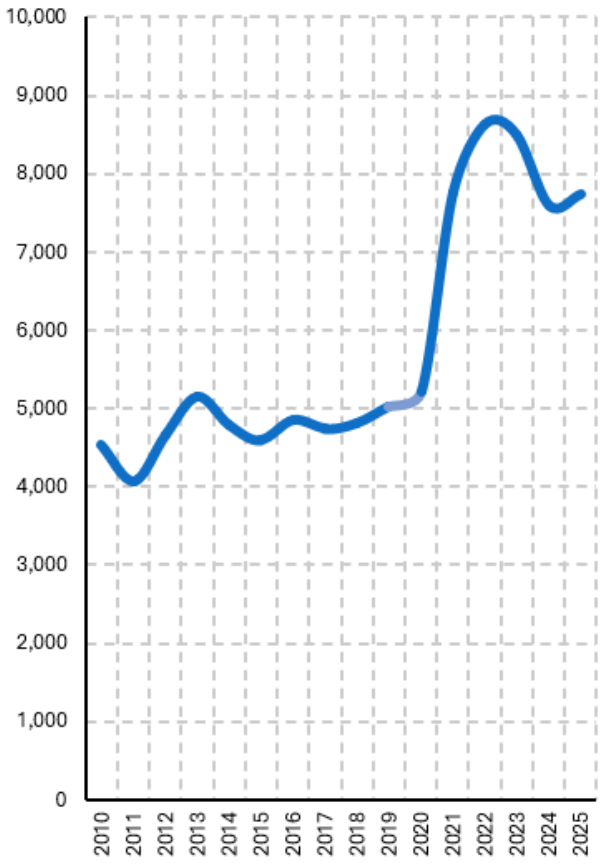
Between 2020 and 2026, New Mexico added nearly 62 thousand housing units, bringing the statewide housing stock above 1 million units.

Figure 2: New Mexico Population and Housing Unit Growth by County, 2020–2026



Source: US Census

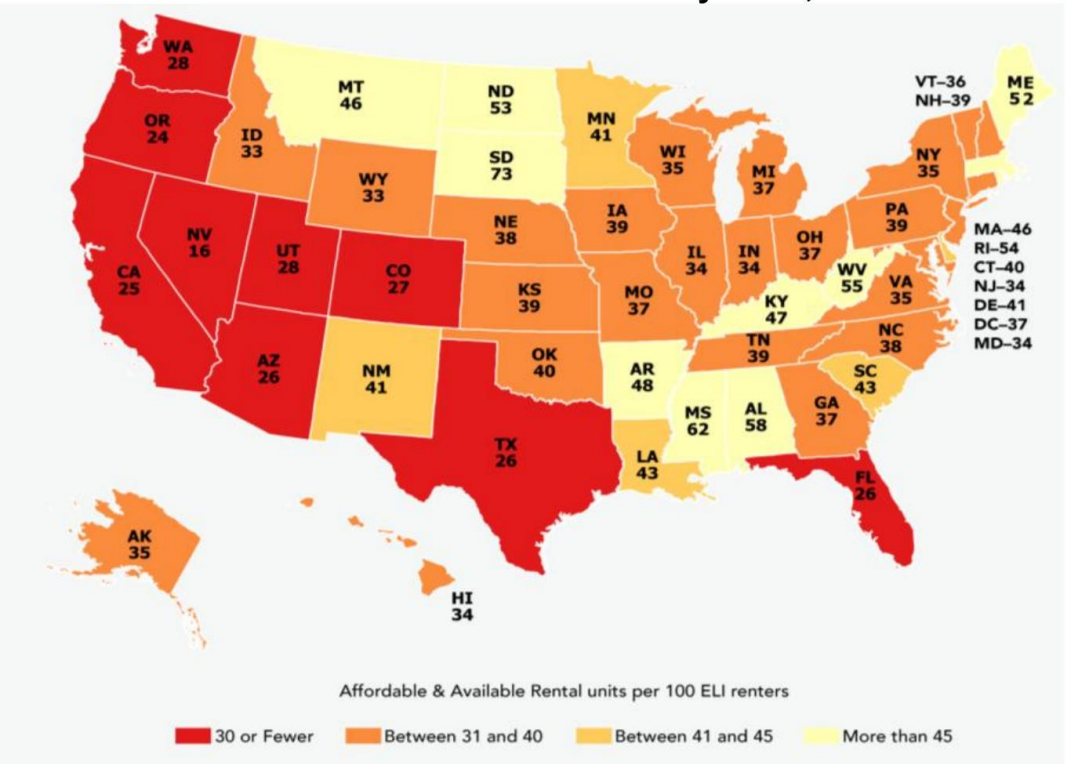
Chart 2: New Mexico Housing Permitting Increased Sharply after 2020



Source: U.S. Census

New Mexico is projected to need nearly 58 thousand additional housing units by 2045, including about 28.5 thousand affordable units, despite eventual projected population decreases

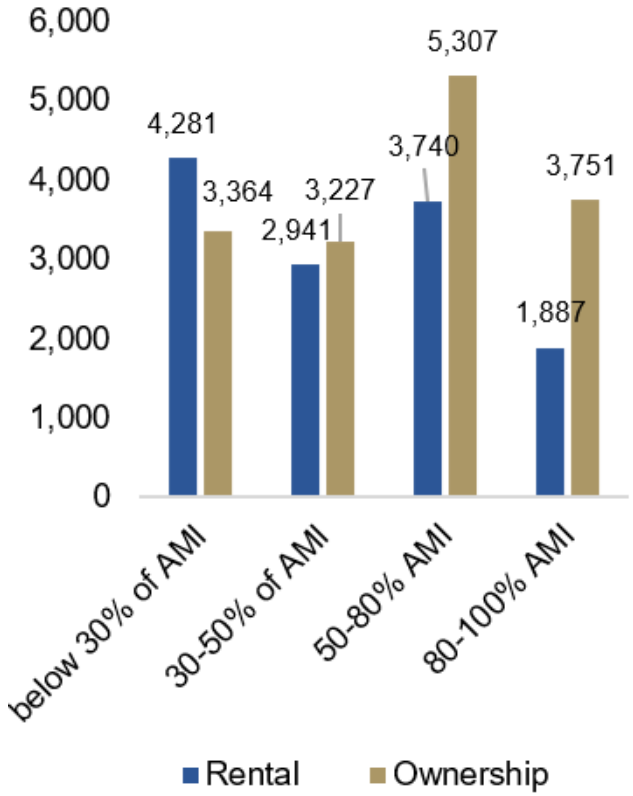
Figure 1. Rental Homes Affordable and Available Per 100 Extremely Low-Income Renter Households by State, 2026



Note: Extremely low-income (ELI) renter households have incomes at or below the poverty level, or 30 percent AMI.

Source: National Low Income Housing Coalition

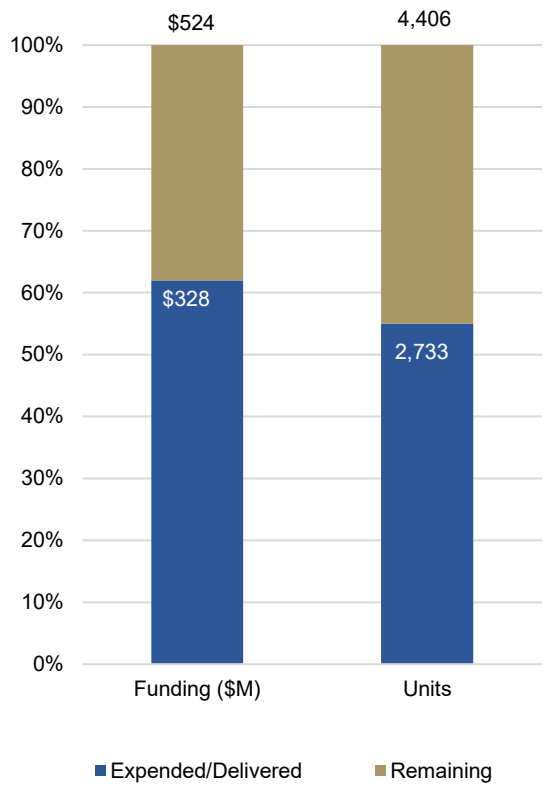
Chart 6. Affordable Units Needed in New Mexico by 2045



Source: HNM

Nearly $328 million of the reviewed $524 million housing portfolio was expended or encumbered as of August 2026, with remaining balances not yet spent.

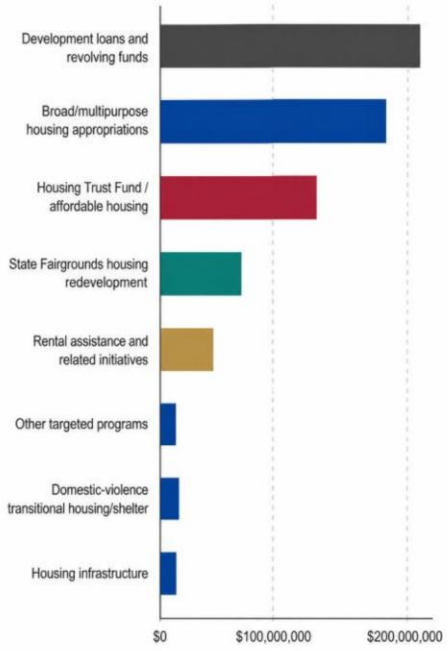
Chart 1. FY23-FY26 Special Housing Appropriations Spent vs. Housing units supported



Source: LFC Analysis of Agency Data

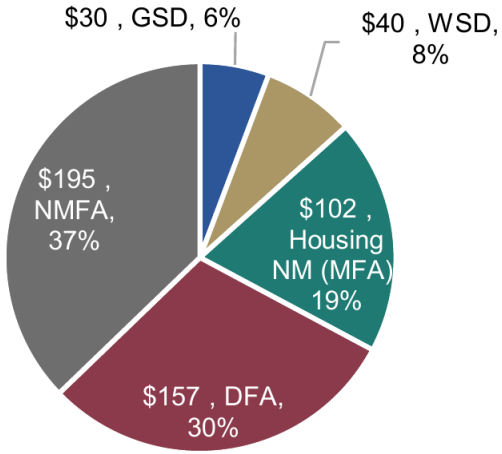
New Mexico has made more than $700 million in state housing and homelessness resources available since FY23, including $524 million in special appropriations and fund transfers reviewed in this report.

Chart 7: Special Housing Appropriations FY23-FY26 by Use Category



Source: LFC analysis of agency data

Chart 8: Reviewed Special Housing Appropriations by Receiving Entity, FY23-FY27 (in millions)

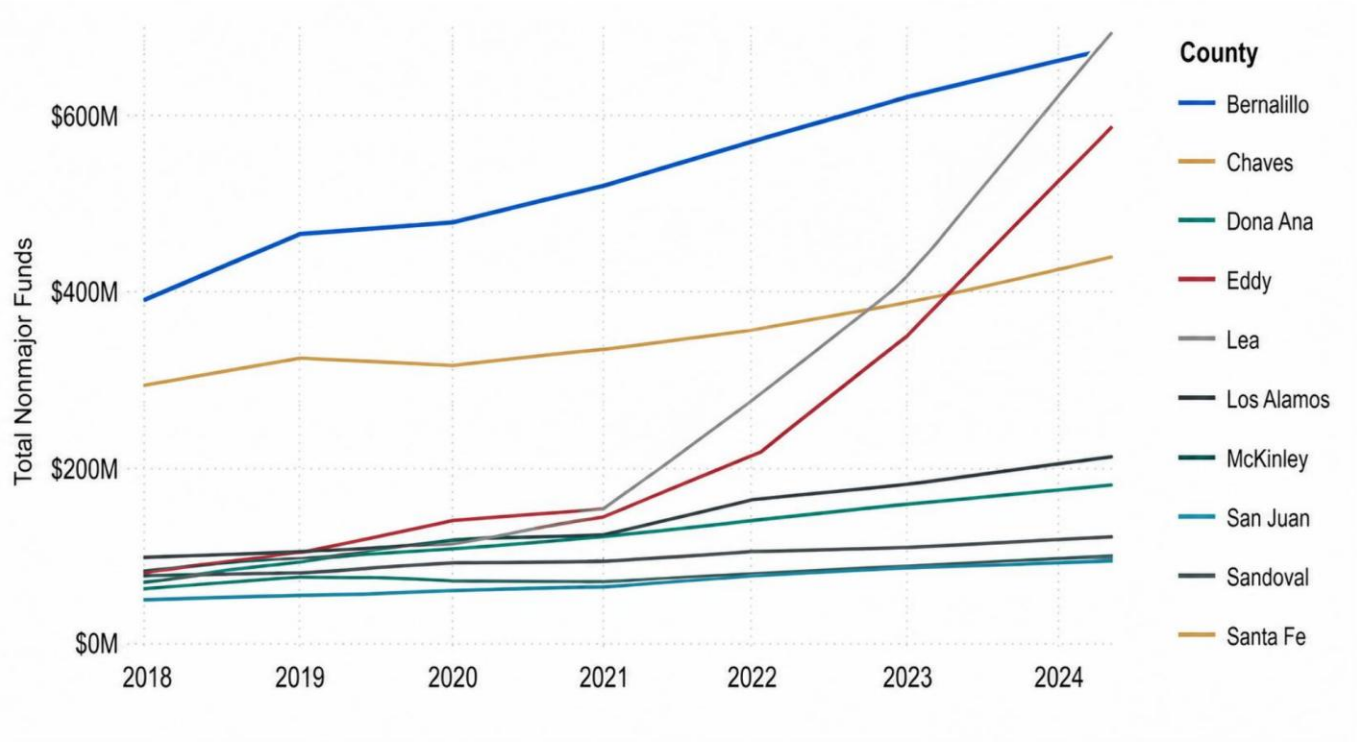


Note: The FY25 $110 million appropriation is carried under DFA though implementation involved WSD/Office of Housing.

Source: LFC analysis of HB2 special appropriations and fund transfers, agency data

The state does not formally account for local governments' fiscal capacity when allocating housing funding.

Figure 3. Trend in Governmental Funds Among the 10 Largest County Balances



Source: LFC analysis of independent county audits

Finding 1:

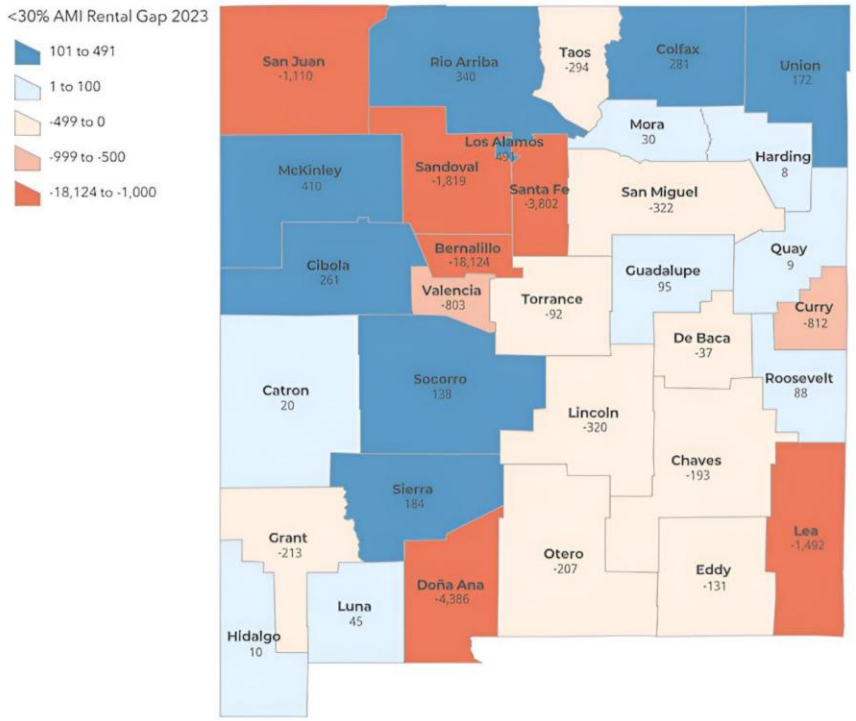
More than half of the $524 million reviewed has been spent or committed, but the state cannot consistently show what those investments produced.

Table 2: Status of Reviewed Non-Recurring Housing Appropriations, FY23–FY27

FY	Amount	Purpose	Agency	Encumbered and expended	Reverted or lapsed
23	$20,000,000	Rental assistance and other housing initiatives.	DFA	$18,670,559	$1,329,441
23	$10,000,000	To the local government division to provide grants to local governments to support housing infrastructure.	DFA	$10,000,000	$0
23	$2,500,000	For a comprehensive landlord support program.	DFA	$2,500,000	$0
24	$10,000,000	For transitional housing and shelter facilities for victims of domestic violence.	DFA	$10,000,000	$0
24	$175,000,000	For the opportunity enterprise revolving fund of the New Mexico finance authority.	NMFA	$77,462,881	$0
25	$110,000,000	To support housing, affordable housing, transitional housing, and the expansion of housing services providers that facilitate behavioral health services and substance abuse recovery, homelessness assistance, and prevention for persons with behavioral health needs~~, for expenditure in fiscal year 2026, including up to eighty million dollars ($80,000,000) for programs in the city of Albuquerque and Bernalillo county to be shared equally and ten million dollars ($10,000,000) for programs in the city of Las Cruces and Dona Ana county~~.	WSD	$109,590,337	$0
25	$2,000,000	For housing assistance personnel and programs.	WSD	$1,903,821	$0
25	$2,000,000	For consulting and strategic planning to support innovative models to end homelessness.	WSD	$1,989,675	$0
25	$50,000,000	Transfer to the New Mexico Housing Trust Fund for affordable housing acquisition, construction, and rehabilitation.	HNM	$26,695,256	$0
25	$250,000	To the mortgage finance authority for administering a creditworthiness program.	HNM	$0	$250,000
25	$2,000,000	For the north central New Mexico economic development district for housing projects for senior citizens living in manufactured housing.	HNM	$1,913,363	$0
25	$5,000,000	~~To the local government division~~ for grants to local governments to ~~support a direct to~~ housing encampment response~~, with streamlined housing placements, on campsite services from outreach workers, housing navigators and case managers, ongoing closed campsite maintenance and an intensive focus on~~ closure and cleaning of campsites.	WSD	$4,996,991	$0
26	30,000,000	State Fair redevelopment earmarked for housing.	GSD	$0	$0
27	$50,000,000	Affordable housing, transitional housing, homelessness initiatives, down-payment assistance, rate buydown, and Affordable Housing Act administration.	HNM	$0	$0
27	$20,000,000	For the housing development revolving fund of the New Mexico finance authority to continue funding affordable and attainable housing throughout the state.	NMFA	$0	$0
27	$30,000,000	To fund housing, affordable housing, transitional housing, homelessness initiatives, and the expansion of housing services statewide.	WSD	$9,347,073	$0
27	$5,000,000	For rental assistance.	WSD	$0	$0
Total	**$523,750,000**			**$275,069,958**	

State housing investments have generally flowed toward areas with substantial documented housing need, but New Mexico lacks a consistent framework for translating regional need into investment priorities.

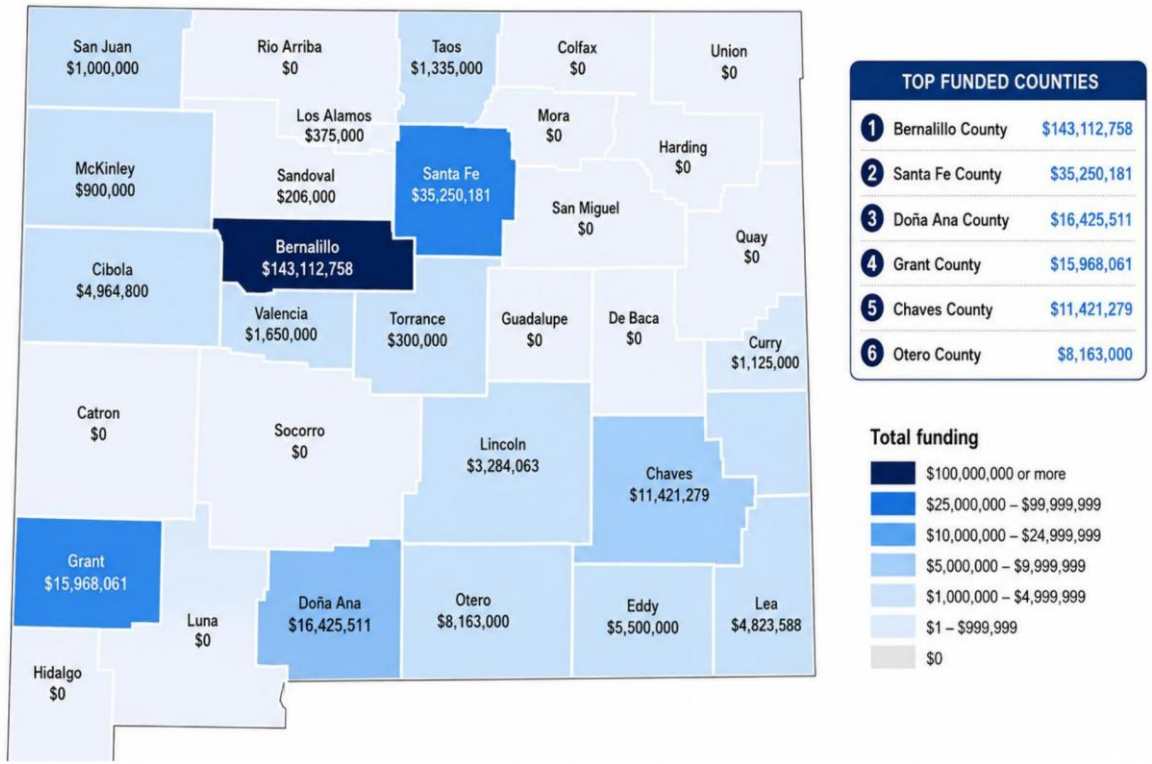
Figure 4. Shortage of Affordable Units by County, 2023



Note: Uses the AMI for a four-person household for each county.

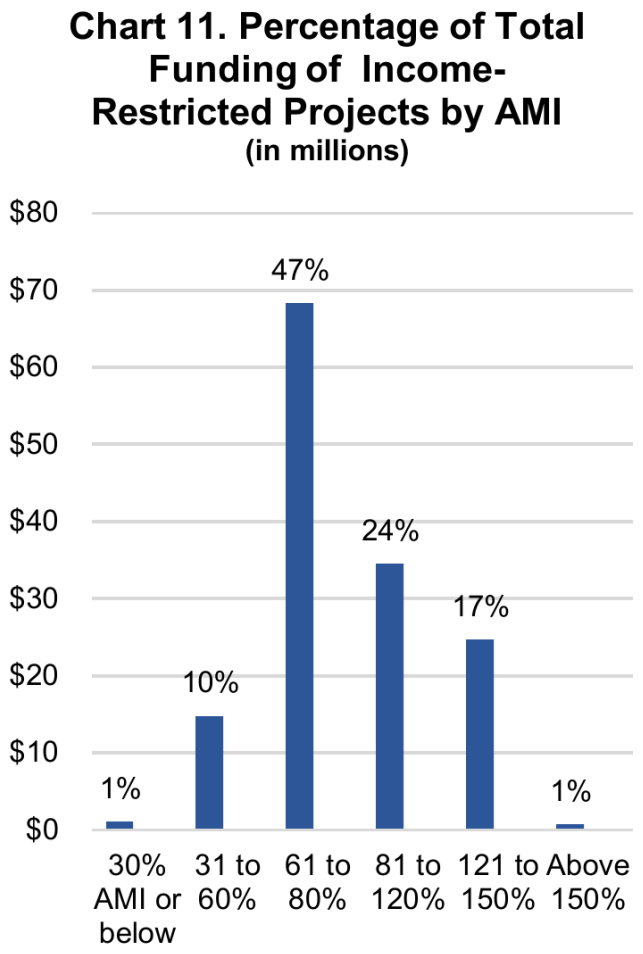
Source: HNM, 2023 5-year ACS and Root Policy Research

Figure 7: Allocation of State Housing Special Appropriations FY23-FY27, by County



Source: LFC Analysis of agency data

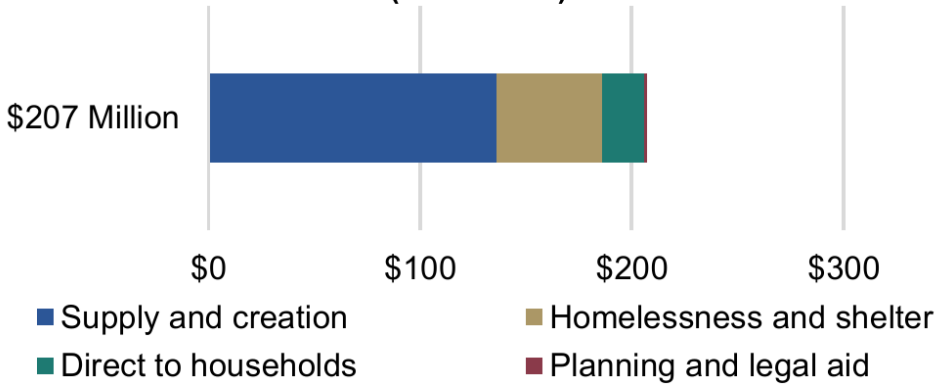
Only 1 percent of the state's income-restricted housing dollars is targeted to those earning at or below 30 percent of AMI, where documented need is concentrated.



Source: LFC analysis of agency data

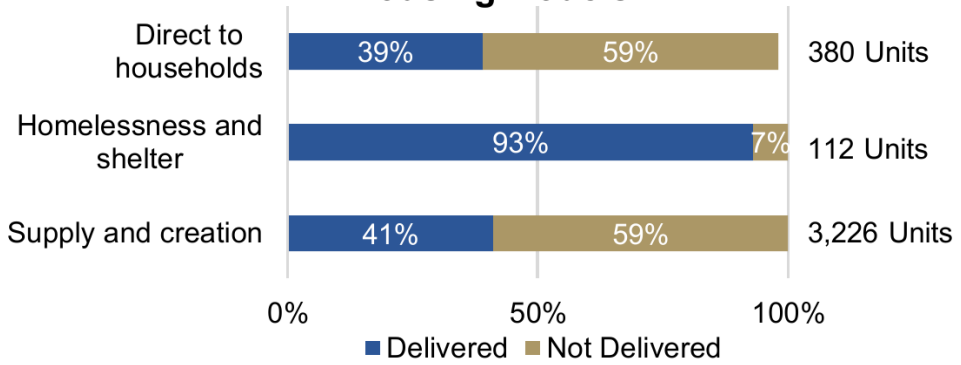
Roughly $207 million in state grant appropriations and $77 million in state loans have supported roughly 4,400 housing units, with about half delivered to date.

Chart 13. Category Breakdown of Total Housing Unit Supply Funding
(in millions)



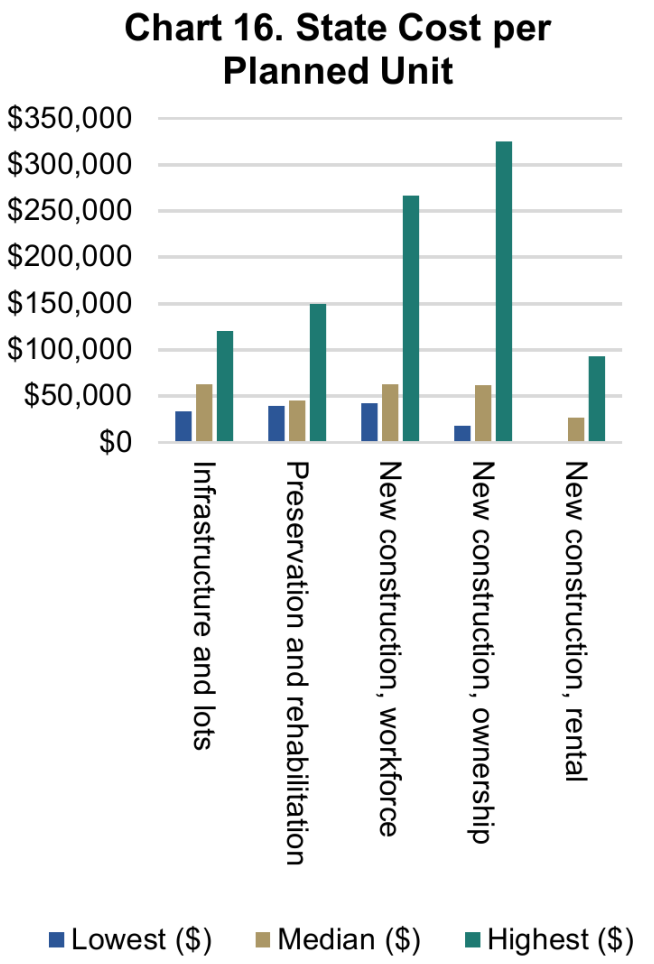
Source: LFC Analysis of Agency Data

Chart 14. Percentage of Delivered Units by Housing Models



Source: LFC Analysis of Agency Data

Public cost per unit or person ranges from about $900 to over $300 thousand depending on the housing strategy.



Source: LFC Analysis of Agency Data

State funds supported more units when they filled funding gaps in projects that had other committed funders, about $14 thousand per unit, versus about $60 thousand per unit when the state was the primary funder.

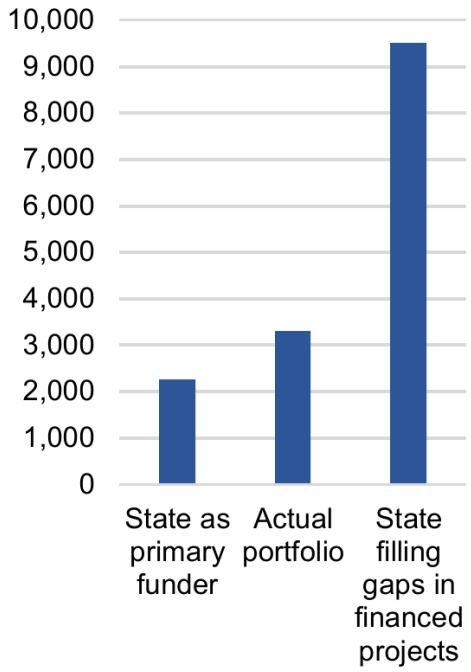
Table 6. State Cost per Unit by Financing Role

Financing role	Projects	State Dollars	Units Supported	State Cost per Unit	Total Cost/Unit
State filled a gap in an already-financed development	11	$24M	1,675	$14,402	$357,066
State was the primary funder	20	$43M	712	$60,375	$108,692
Financing role not reported	6	$70M	915	$76,354	NA

Note: Calculated by dividing each supply award by the planned units it supports and grouping awards by the state's reported share of total development cost. New housing supply and creation projects only; excludes NMFA loan-financed units, homelessness and shelter, and existing homes assisted. Units are planned, not completed.

Source: LFC Analysis of agency data

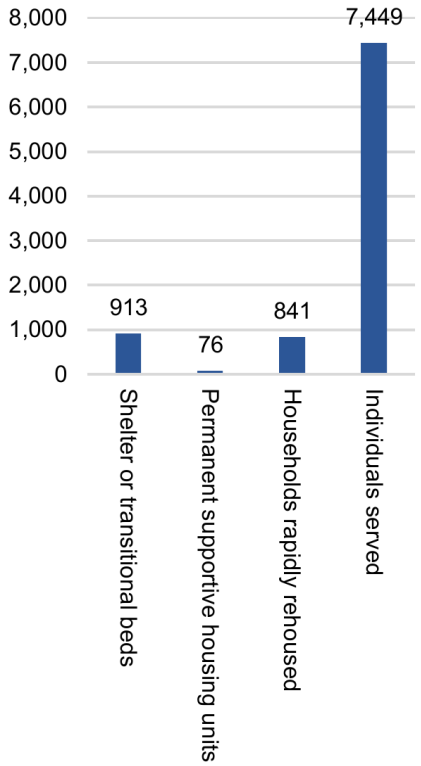
Chart 18. Number of Housing Units $136 million Would Support, by Financing Role



Source: LFC analysis of agency data

The state directed about $50 million to homelessness, shelter, and supportive housing and can document roughly 7,450 people assisted, but 18 of the 26 awards (worth $17.3 million) report no bed, household, or person count at all.

Chart 20. Reported Agency Outcomes for Homelessness, Shelter, and Supportive Housing



Source: LFC analysis of agency data

The state directed only about 2 percent of the reviewed portfolio to preserving existing housing, despite prior LFC findings that preservation can cost roughly half as much as new construction.

Table 10. Preservation, Rehabilitation, Repair, and Weatherization awards

Agency	Activity	Recipient	State Award	Expended	Homes or Units Planned	Delivered to Date
DFA	Public housing renovation for voucher conversion	Eastern Regional Housing Authority	$3,000,000	$2,048,594	20	0
DFA	Camino de Jacobo public housing rehabilitation	Santa Fe County	$1,500,000	$1,495,911	37	37
DFA	Rehab-2-Rental and State Landlord Incentive Program	Housing New Mexico	$1,656,000	$1,403,448	23	23
WSD	Home Rehab	Bernalillo County	$1,000,020	$1,000,020	21	27
HNM	Home rehabilitation	Greater Albuquerque Habitat for Humanity	$178,439	$176,370	14	0
HNM	Ramps for mobility impaired households	New Mexico Ramp Project	$500,000	$227,439	180	136
HNM	Weatherization	Central New Mexico Housing Corporation	$250,000	$249,988	18	18
HNM	Weatherization	Redfeather Development	$450,000	$449,999	32	32
HNM	Weatherization	Southwest Regional Housing and Community Development	$250,000	$175,000	18	13
HNM	Weatherization - Energy$mart Solar	Central New Mexico Housing Corporation	$425,000	$153,347	30	11
HNM	Weatherization - Energy$mart Solar	Redfeather Development	$675,000	$77,886	48	6
HNM	Weatherization - Energy$mart Solar	Southwest Regional Housing and Community Development	$1,400,000	$600,865	170	43
HNM	Home Improvement Program	Housing New Mexico	$600,000	$62,773	26	4
Total	**13 activities**		**$11,884,459**	**$8,121,640**	**637**	**350**

Note: Counts mix housing units with households whose existing homes were served; they are not interchangeable. Weatherization and home improvement counts are derived by dividing awards by an assumed cost per home, not reported directly. Excludes DFA's $3 million Gallup homeownership pathway, which transfers ownership rather than rehabilitating units, and $3.09 million in DFA shelter facility repairs counted under homelessness.

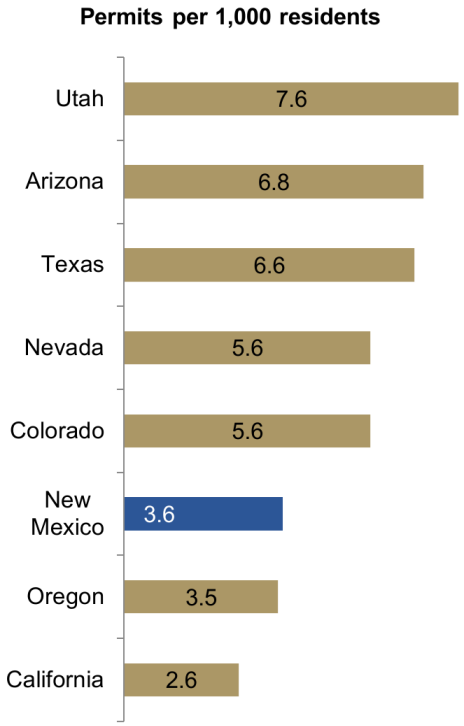
Source: LFC Analysis of agency data

Finding 2:

The state has increased direct housing funding substantially, while regulatory, infrastructure, permitting, and local-capacity barriers continue to constrain housing production.

New Mexico continues to permit relatively little housing compared with several western peers, and recent production remains concentrated in single-family homes.

Chart 21: Housing Permits per 1,000 Residents in Western States, 2025



Note: based on 2025 building permits and July 1, 2025 population count.

Source: U.S. Census Bureau QuickFacts

New Mexico already uses tax and financing mechanisms that can lower housing-development costs without relying solely on direct appropriations.

Table 11. Tax and Financing Tools at a Glance

Tool	Repayment	New Mexico Example	Evidence Base
Tax Credits	Paid for through foregone federal or state tax revenue; investors provide equity in exchange for the credits.	Sandoval Flats in Rio Rancho received a New Mexico Affordable Housing Tax Credit award tied to a $2 million contribution supporting construction of the income-restricted multifamily project. Housing New Mexico also administers federal 4 percent and 9 percent LIHTC awards statewide.	Strong: long-established evidence that low income tax credit attracts private equity and supports affordable rental production and preservation.
Tax-Exempt Multifamily Bonds	Repaid from project revenues, typically rents and other development income, rather than general state funds.	Housing New Mexico multifamily Private Activity Bonds provide conduit tax-exempt financing for qualifying rental developments and can be paired with 4 percent LIHTC; the State Board of Finance allocated 60 percent of New Mexico's 2026 Private Activity Bonds (PABs) volume cap to multifamily housing.	Strong as a financing tool: lowers borrowing costs and is widely paired with 4 percent low income tax credit; evidence is stronger on financing effects than independent production effects.
Public Improvement Districts (PIDs)	Bonds are typically repaid through special property levies or assessments on property within the district.	Angel Fire Public Improvement District No. 2007-1, created by the Village of Angel Fire to finance public infrastructure improvements through special levies and district bonds.	Strong for infrastructure finance; limited on housing-production effects: can fund roads, water, sewer, and other enabling infrastructure.
Tax Increment Development Districts (TIDDs)	Debt is repaid from the incremental gross-receipts or property-tax revenue generated above an established baseline within the district.	Mesa del Sol TIDDs 1–5 in Albuquerque, created to finance public infrastructure using tax-increment revenues.	Mixed: can finance infrastructure and redevelopment, but studies find inconsistent effects on additional residential development and property values.
Property-Tax Abatement	Paid for through temporarily foregone property-tax revenue rather than a direct expenditure.	Sycamore Plaza in Albuquerque, a 20-unit mixed-use redevelopment receiving an estimated $250 thousand Redevelopment Tax Abatement, which freezes property taxes at the predevelopment value for seven years.	Moderate/context-specific: can improve project feasibility by lowering operating costs, but effects vary by market and project.
Construction-Tax Deduction	Paid for through foregone state and local gross-receipts-tax revenue.	2026 SB151 affordable-housing gross receipts tax (GRT) deduction, which applies to qualifying multifamily construction where at least 80 percent of units meet affordable-housing requirements.	Too new to evaluate in New Mexico directly lowers qualifying construction costs, but production and affordability effects are not yet known.

Source: LFC analysis of HUD, FHWA, Urban Institute, Economic Development Quarterly, and LFC files.

Table 12. State Housing Supply Reform Options at a Glance

Covered in greater depth in Appendix D

Option	What It Does	NM Relevance / Peer State Example	Evidence Base
Allow More Housing Types	ADUs, duplexes, townhomes, casitas, manufactured housing	OR/WA/ME; relevant to NM's single-family-heavy permitting	Moderate: higher production documented in cities adopting broader zoning reforms; effects of individual reforms difficult to isolate.
Reduce Lot and Parking Requirements	Lowers land/infrastructure cost per unit	CO/NV/OR/UT	Moderate–strong: documented cost reductions; associated with higher production and slower rent growth in some cities.
Streamline Approvals	By-right review, deadlines, third-party review	TX/ME; NM subdivision statute issue	Moderate: reduces review time and carrying costs; Austin and New Rochelle show faster approvals and higher permitting.
Review Code/Design Mandates	Reduce avoidable construction costs	Emerging NCSL approach	Moderate on cost; limited evidence on resulting unit production.
Support Infill/Adaptive Reuse	Convert existing buildings and ready sites	Homewise/Pew proposals for NM	Limited/mixed: can add units, but feasibility and costs vary substantially by building and site.
Pair Reforms with Local Capacity/Infrastructure Assistance	Helps smaller jurisdictions implement changes	Montana model	Limited direct evidence.

Source: LFC analysis of Pew Charitable Trusts, NCSL, RAND, Mercatus Center, Homewise, and Montana state materials.

Questions and Discussion