



## New Mexico Housing Trust Fund – \$135 Million

The New Mexico Housing Trust Fund (NMHTF) was established in 2005 by the legislature to fund the acquisition, building, rehabilitation, preservation, and financing opportunities to address the affordable housing needs of low- and moderate-income New Mexicans. According to data provided by the Department of Housing and Urban Development (HUD), 30% (236,625) of households in New Mexico have at least one housing problem.<sup>1</sup> A transformative investment to the NMHTF is required to address housing needs across the state. The New Mexico Mortgage Finance Authority (Housing New Mexico | MFA), as the Trustee of the NMHTF, has established programs and partnerships to deploy NMHTF funds to meet the continuum of housing needs by:

- building rental and homeownership housing,
- supplying downpayment assistance,
- rehabilitating aging housing stock,
- funding homelessness and homelessness prevention programs,
- and investing in innovative affordable housing projects.

### Who will the NMHTF investment serve?

Housing is considered affordable when housing costs do not exceed 30% of a household's income. The MFA Act allows Housing New Mexico to serve households earning up to 150% area median income (AMI) with the NMHTF. In Bernalillo County, 150% AMI means a two-person household earning up to \$129,600 could be eligible for programs funded through the NMHTF. Other funding sources limit projects or programs to serving lower income households. When NMHTF is leveraged with more restrictive sources, the lower income limits are followed. For example, when NMHTF is used for transitional housing for people exiting homelessness, 50% AMI is frequently used as the income cap. In Bernalillo County, 50% AMI means a two-person household earning up to \$36,000 annually.

### Why does the NMHTF need more investment?

**Changes to Federal Tax Credits for Rental Housing Development.** The “One Big Beautiful Bill Act” (OBBBA)—signed into law on July 4, 2025—introduced significant changes to the Low-Income Housing Tax Credit “LIHTC” program to make it easier for developers to access these credits, thus increasing the incentive to build more affordable housing. Since tax credits only cover 40% to 70% of total development costs, increasing the number of affordable developments will mean more demand on the NMHTF to cover gap financing needs. Over the last several years, Housing New Mexico has awarded approximately \$40 million for rental housing development gap financing. In 2026, the demand is expected to jump to \$70 million, in turn doubling the number of affordable units produced each year within 3 to 5 years if sufficient gap financing is available.

**Federal Funding Uncertainty.** While the 2025 federal budget flat-funded affordable housing programs the Department of Housing and Urban Development (HUD), the threat of deep cuts looms for the 2026 budget process. Annually, New Mexico receives approximately \$15 million in HUD funding specifically designated for affordable housing. The potential loss, or reduction, of this funding, coupled with the expiration of the remaining coronavirus stimulus funding in 2026, means the need for investment into the NMHTF is greater than ever to ensure that New Mexico does not backslide into a worse housing crisis.

Funding through the Department of Energy (DOE) is also threatened, including funding for and authorization of the Weatherization Assistance Program (WAP) and the Low-Income Home Energy Assistance Program (LIHEAP). Hundreds of New Mexican families benefit from these programs and rely on them to manage high energy costs, improve the efficiency and safety of their homes, and avoid utility disconnections. WAP is seen as a crucial tool for long-term energy savings and home safety for low-income families. New Mexico receives approximately \$5.2 million annually for these programs, however, staffing shortages and administrative delays

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<sup>1</sup> The four severe housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and cost burden greater than 50%.



at DOE has slowed down the receipt of funding across the nation including in New Mexico. DOE has not been authorized to release more than \$11 million in Infrastructure Investment and Jobs Act (IIJA) funding, resulting in reduction of force and fewer homes weatherized.

### What will this investment accomplish?

An investment of \$135 million would allow Housing New Mexico and its partners to serve an estimated 5,200 New Mexicans across the continuum of housing needs. The table below provides an analysis of how a \$135 million appropriation could improve housing opportunities based on the approximate cost of various program types. Currently, Housing New Mexico maximizes its federal and private resources for affordable housing, meaning transforming the housing landscape requires significant state investment.

**Impact of \$135 Million Appropriation on the NMHTF**

	Assumptions		State Fiscal Year 2027 (July 1, 2026)	
	Investment Cost		Assistance Target	Investment Cost
Down Payment Assistance*	\$10,000	per borrower	2,000	\$20,000,000
Rental Housing Development*	\$50,000	per unit	1,400	\$70,000,000
Single Family Housing Development*	\$150,000	per unit	500	\$75,000,000
Home Rehabilitation and Preservation for Veterans, Seniors, Disabled People, and other Special Populations	\$25,000	per unit	200	\$5,000,000
Homeless and Homelessness Prevention – Permanent Supportive Housing	\$50,000	per unit	100	\$5,000,000
Homeless and Homelessness Prevention – Homelessness Prevention	\$ 6,000	per household	1,000	\$6,000,000
<b>Total NMHTF Demand</b>			<b>5,200</b>	<b>\$181,000,000</b>
Estimated STB Allocation				\$45,000,000
Estimated Program Income				\$1,700,000
<b>Funding Gap</b>				<b>\$134,300,000</b>
<i>*Funding for these uses is typically issued as a loan and generates program income. Historically NMHTF accounts for 10% of the total development cost for rental housing development. However, since federal leverage resources are maximized, increasing production will require substantial state funding to make up the gap. Single family development loans are structured as a revolving line of credit with funds recaptured and recycled upon sale of the home.</i>				

### How is NMHTF allocated to various programs?

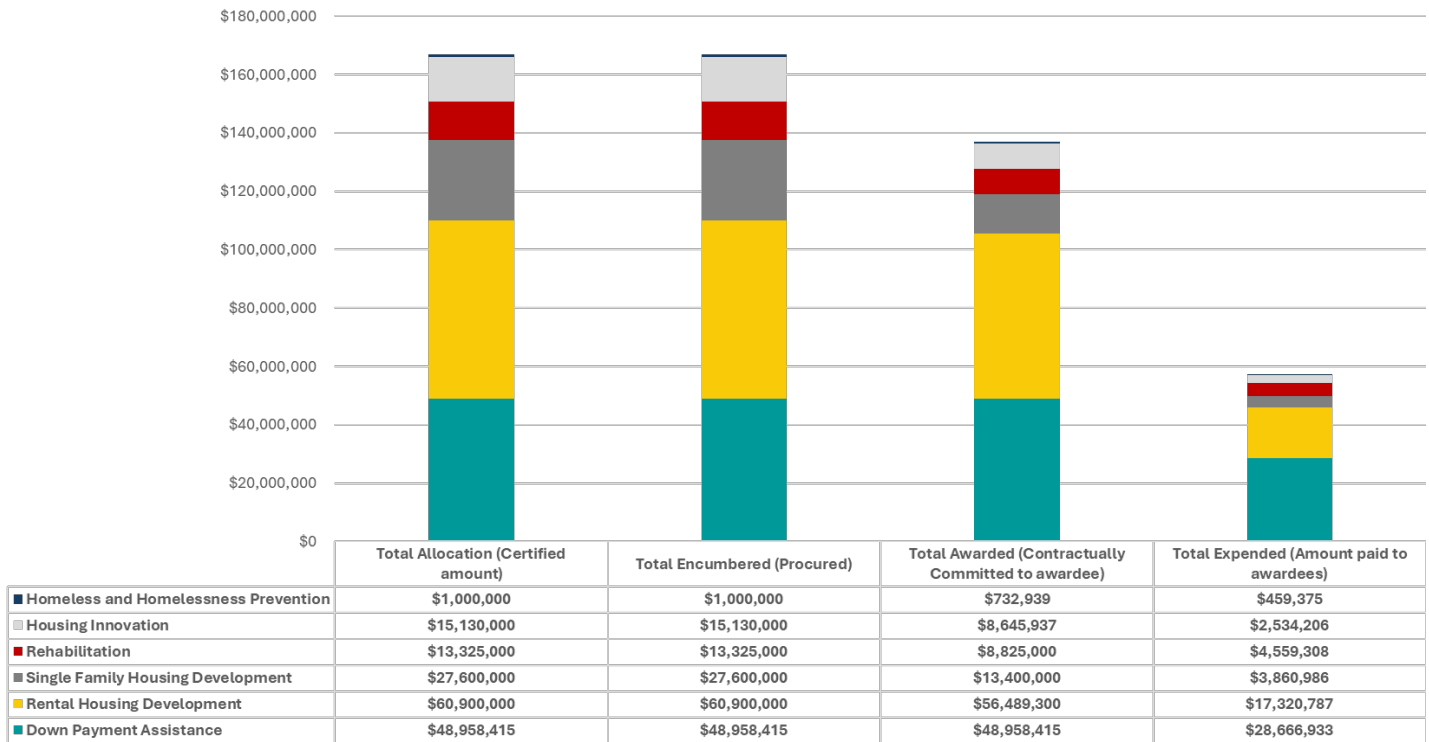
Housing New Mexico balances NMHTF allocations to programs based on two primary criteria: meeting housing needs throughout the state and maintaining the sustainability of the funding source. Downpayment assistance and rental and single-family housing development are administered as loans, generating program income and significant leverage. Housing New Mexico prioritizes grant funding for programs serving the most vulnerable populations, including those facing or experiencing homelessness as well as very low-income seniors and veterans.



## NMHTF Performance Metrics

Combining all \$167.5 million in allocations<sup>2</sup> to the NMHTF since July 2023, 100% (\$166,913,415) is encumbered<sup>3</sup>, 82% (\$137,051,591) is awarded<sup>4</sup>, and 34% (\$57,401,595) is expended<sup>5</sup>. When funding is awarded, affordable housing projects and programs can begin development and implementation, expenditure will then follow. For example, once a rental development project is awarded all funding, it can close on its loans and begin construction. Expenditure will then occur over a one- to two-year period as funds are drawn down to reimburse actual costs. These performance metrics demonstrate Housing New Mexico’s capacity to urgently deploy funding and serve households in need. The table below shows funding allocated, awarded, and expended by activity.

**NMHTF Performance Metrics – Current as of August 31, 2025**



<sup>2</sup> Allocated is defined as the amount certified by State Board of Finance and the Housing New Mexico Board to a specific activity.

<sup>3</sup> Encumbered is defined as Housing New Mexico has a program to deploy the funding, and the funding is available to potential applicants (homebuyers, service providers, developers, and other applicants).

<sup>4</sup> Awarded is defined as Housing New Mexico has contractually committed an amount of the funding to an awardee or program.

<sup>5</sup> Expended is defined as Housing New Mexico has released funding through draws or reimbursements.

These performance metrics demonstrate Housing New Mexico’s capacity to urgently deploy funding and serve households in need. The table below shows funding allocated, awarded, and expended by activity.

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**57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026**

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

MAKING AN APPROPRIATION TO THE NEW MEXICO HOUSING TRUST FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. APPROPRIATION.--One hundred thirty-five million dollars (\$135,000,000) is appropriated from the general fund to the New Mexico housing trust fund for expenditure in fiscal year 2027 and subsequent fiscal years for the purpose of carrying out the provisions of the New Mexico Housing Trust Fund Act. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

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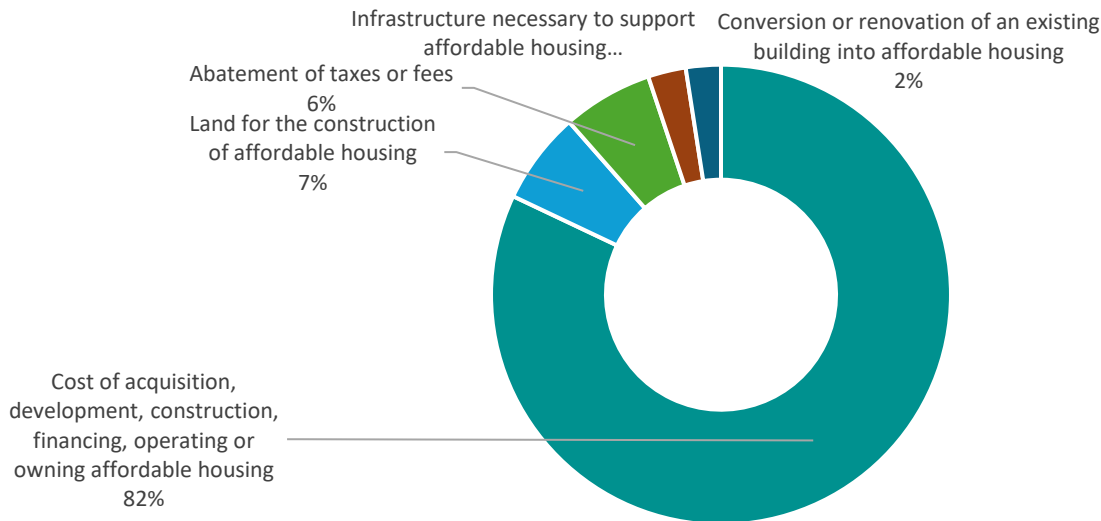
## Affordable Housing Act – \$500,000

This appropriation will enable Housing New Mexico to 1) oversee the Affordable Housing Act, including review and approval of plans and ordinances, 2) provide direct technical assistance to local governments in the drafting of an affordable housing plan and affordable housing ordinance, and 3) offer planning and implementation grants to local governments on an as-needed basis.

The Affordable Housing Act was signed into law in 2004. Like the Local Economic Development Act (LEDA), it is an exemption to the state’s Anti-Donation clause. It permits the state and local governments to contribute public funds, land, buildings and other resources to create and preserve affordable housing. Housing New Mexico is charged with rulemaking authority and oversight of the Act but receives no funds for these purposes.

The priority for this funding is to help local governments, municipalities, and jurisdictions implement approved housing plans and ordinances, paving the way for communities to increase housing stock and deploy housing solutions that meet local needs while leveraging local resources. To date, Housing New Mexico has assisted 40 local governments achieve Affordable Housing Act compliance support with creating affordable housing plans and ordinances. These local governments have donated land and resources totaling \$117.9 million for affordable housing as of November 2024.

### Affordable Housing Act Donations Made Since 2004: \$117.9 Million



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**57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026**

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

MAKING AN APPROPRIATION TO FUND THE OVERSIGHT DUTIES REQUIRED  
BY THE PROVISIONS OF THE AFFORDABLE HOUSING ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. APPROPRIATION.--Five hundred thousand dollars  
(\$500,000) is appropriated from the general fund to the  
department of finance and administration for expenditure by the  
New Mexico mortgage finance authority in fiscal year 2027 and  
subsequent fiscal years for the oversight duties required by  
the provisions of the Affordable Housing Act. Any unexpended  
or unencumbered balance remaining at the end of a fiscal year  
shall not revert to the general fund.

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