Key Hearing Issues

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

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New Mexico's Housing Shortage
(and Lessons from Policy Outcomes Elsewhere)

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Background

- Housing New Mexico in its report *New Mexico Housing Strategy: A Call to Action, 2026 Update*, noted lower income households are more likely to occupy multifamily, manufactured, and attached housing. Yet single family detached homes were the dominant housing type built in the state making up 82 percent of residential permits in 2010 through 2020.
- The report found the state will need up to 58,000 housing units to meet projected growth, with shortages concentrated in Bernalillo, Doña Ana, Sandoval, and Santa Fe counties. That figure includes roughly 24,000 apartments and homes for those who make less than the statewide median household income of roughly $67,000.
- Demand for housing has further increased due to smaller household sizes. Also, people over age 65 represent about 20 percent of the statewide population and are staying in their homes, particularly given higher interest rates to purchase other properties concurrent with escalating construction costs.
- The report recommends:
    - Preserving and improving existing affordable housing, both privately and publicly owned, and redeveloping underutilized and vacant properties to increase supply and catalyze economic development.
    - Building homeownership opportunities among low- and moderate-income, and racially and ethnically diverse households.
    - Creating flexibility within state programs and policies to respond to housing needs and market fluctuations.
    - Ensuring manufactured homes continue as housing solutions for homeowners and renters.
    - Strengthening an array of supportive services programs that foster housing stability.
    - Strengthening support for emergency homelessness interventions.
- The National Conference of State Legislatures best practices for housing policy stress zoning, parking, and land use reform; lowering construction costs; expanding financing options; eviction reforms; affordable housing funding and tax credits and incentives; rental assistance and supportive housing programs; homelessness prevention; veterans' housing initiatives; and transitional housing and tiny homes and accessory dwelling units.

Thornburg Foundation and Pew Key Points

- Housing costs are around five times the median income, much higher than the historical norm of three times the median income. Fifty percent of NM renters spend 30 percent of their income on rent and 27 percent spend half of their income on rent.

- Statewide median rent increased by 58 percent from 2018-2026 vs. the national median increase of 23 percent.

New Data Confirms Increased Supply Decreases Housing Costs

- The number of homes listed for sale in New Mexico are down nearly 30 percent from 2018 levels. Meanwhile, the state added less housing than the U.S overall, contributing to why the state saw larger increases in rent and homelessness than the national average.
- Cities that removed zoning and regulatory barriers saw increased supply in housing and more affordability. For example, a previously commercial zoned property could be converted into apartment-style housing.
- Cities that allowed more pervasive land use reduced displacement, saw smaller declines in their Black/Hispanic population, had greater affordability, and reduced homelessness.

Practical Solutions Highlighted

- Pre-approved building plans speed permitting and cut costs.
- Office-to-co-living conversions can produce more affordable units per dollar.
- Manufactured housing on small lots/duplexes can offer unsubsidized, deeply affordable rent-by-room housing.
- Building homes near jobs/transit avoids doubling infrastructure maintenance costs vs. far-flung development.

Public Opinion

- The 2023 Pew survey shows broad, bipartisan support for policies that boost housing supply.

Future Series

- This presentation is part of an ongoing series on housing that will take place during the interim in partnership with the Thornburg Foundation.