

LFC Requester:	Noah Montano
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AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1/27/2026 *Check all that apply:*
Bill Number: HB 17 Original Correction
 Amendment Substitute

Sponsor: Andrea Romero **Agency Name** 992 – New Mexico Mortgage
Short Title: ACCESSORY DWELLING **and Code** Finance Authority
UNITS IN CERTAIN AREAS **Number:** (Housing New Mexico | MFA)
Person Writing Robyn Powell
Phone: 505-757-2271 **Email** rpowell@housingnm.org

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
NA	NA	NA	NA

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
NA	NA	NA	NA	NA

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected

Total	NA	NA	NA	NA	NA	NA
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(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: SB 131
 Duplicates/Relates to Appropriation in the General Appropriation Act: NA

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 17 proposes to amend New Mexico Statue Section 3-21-1 - Zoning; Authority of County or Municipality in the following ways:

- Removes “morals” as a reason for local government to impose zoning regulation or restrictions.
- Removes the definition and reference to “multigenerational.”
- Requires that zoning authorities of home rule municipalities allow accessory dwelling units (ADU) as a permitted use in areas zoned residential.
 - Adds new material that:
 - defines ADUs,
 - stipulates the zoning authority must allow for the construction of at least one ADU for each lot,
 - regulates ADU permitting and construction,
 - requires approval from health officials for the installation of liquid waste systems associated with an ADU,
 - prohibits zoning authorities from imposing single-family or owner-occupancy requirements on ADUs, charging impact fees for ADUs, limiting the maximum ADU size to less than 1,000 feet, requiring more than one parking spot per ADU, requiring more restrictive review standards than required for other construction on the property, allowing for the imposition of long-term rental requirements.
 - Prohibits a local ordinance, policy, regulation or neighborhood or homeowner association restriction from causing ADU permitting delays.
 - Excludes ADUs from impacting maximum density requirements.
- Requires that zoning authorities of home rule municipalities allow multifamily residential housing as a permitted use in areas zoned commercial and areas near transit.
 - Adds new material that:
 - Defines "major public transit location" and “multifamily housing”
 - Allows multifamily construction based on a minimum density of ten units per acre, a minimum height of 36 feet, and at least one off-street parking space for each unit in addition to required accessible parking spaces.

FISCAL IMPLICATIONS

NFI

SIGNIFICANT ISSUES

The amendments that House Bill 17 proposes aim to increase the supply of housing in New Mexico. While the bill does not address “affordable housing” directly, it would ease zoning restrictions that may limit the development of naturally occurring affordable housing and missing

middle housing. Currently, many of New Mexico’s largest municipalities have passed ADU by-right legislation.

Other states that have similar ADU by-right legislation include California, Connecticut, Washington, Rhode Island, and Massachusetts. State-level ADU legislation has impacted housing stock availability by increasing the number of small, affordable housing units in many regions with highly competitive housing markets. In California, ADU production jumped from 1,160 in 2016 to over 20,000 annually by 2022. The 2024 Affordable Homes Act legalized by the Massachusetts legislature legalized ADUs by-right statewide, banned municipal prohibitions and owner-occupancy requirements in single-family districts.

California, Oregon, Washington, and Maine have also enacted similar statewide legislation allowing multifamily development in commercial zoned areas and transit areas. As a result, these states have seen an increase in the development of “missing middle” housing, that is duplexes, triplexes, and fourplexes. Despite the success of these reforms, challenges have included local resistance and slow implementation wherein some cities still try to delay multifamily projects with long approval processes.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS