

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: 1/29/2026 *Check all that apply:*
Bill Number: SB 131 Original Correction
 Amendment Substitute

Sponsor: Antonio Maestas **Agency Name and Code:** 992 – New Mexico Mortgage Finance Authority
Short Title: RESIDENTIAL APARTMENTS IN COMMERCIAL ZONES **Number:** (Housing New Mexico | MFA)
Person Writing Analysis: Robyn Powell
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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: HB 17

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 131 amends state zoning laws, Section 3-21-1 NMSA 1978 by:

- Eliminating restrictions on building height and number of stories
- Allowing residential apartments in commercial zones
- Allowing duplexes and townhouses in residential zones or on mixed-use lots
- Allowing development for small-scale commercial uses that provide neighborhood shopping, food, beverages, indoor entertainment or professional offices while ensuring the uses comply with traffic and noise regulations
- Adding a new section on zoning application for review and approval
 - A hearing officer delegated by the county or municipality zoning authority will review applications seeking approval of uses that are not permitted by right in zoning ordinance
 - Staff of the county or municipality zoning authority will review applications pertaining to checking zoning compliance for development proposals.
- Revising the appeals process
- Prohibiting a political subdivision from imposing minimum parking mandates within its jurisdiction with exception for minimum parking mandates related to accessible parking spaces.

The effective date of the provisions set forth in Senate Bill 131 is after June 30, 2026.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

The amendments that Senate Bill 131 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.

This bill aims to limit zoning restrictions that local governments may impose to increase housing and commercial development. The following are potential impacts of the proposed legislation:

- Removing restrictions on building heights may allow for greater and more diverse developments across the state of New Mexico.
- Removing restrictions of developing duplexes and townhouses in residential zones may lead to more infill housing units being produced in New Mexico.
- Allowing for development of non-residential developments in residential zones, may lead to positive economic growth across New Mexico.

- Allowing for development of non-residential developments in residential zones may strain the current infrastructure capacity.

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