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FISCAL IMPACT REPORT

BILL NUMBER: House Bill 168

SHORT TITLE: New Homes for New Mexico Program

SPONSOR: Parajon

LAST ORIGINAL
UPDATE: _____ **DATE:** 1/27/2026 **ANALYST:** Ortega

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$10,000.0	Nonrecurring	General Fund

*Amounts reflect most recent analysis of this legislation.

Duplicates House Bill 200
Relates to House Bill 251

Sources of Information

LFC Files

Agency or Agencies Providing Analysis
Mortgage Finance Authority

SUMMARY

Synopsis of House Bill 168

House Bill 168 (HB168) appropriates \$10 million from the general fund to the Department of Finance and Administration for expenditure by the New Mexico Mortgage Finance Authority (MFA) in FY27 and subsequent fiscal years for the purpose of creating and administering the new homes for New Mexico program.

MFA may provide loans to eligible buyers for the purchase of a starter home constructed by an eligible builder. Loan assistance may not exceed \$50 thousand per household for homes located outside the boundaries of a high-cost county (Los Alamos, Santa Fe, and Taos), or \$75 thousand per household for homes located within a high-cost county. To qualify, an applicant must be a first-time homebuyer who has not previously owned a home, earn less than 120 percent of the area median income for a family of four in the county in which the home is located, as determined by the United States Department of Housing and Urban Development, and agree to occupy the home as the buyer's primary residence.

MFA will select participating homebuilders through a competitive procurement process.

Selection will be based on programmatic and project-specific criteria, including the number of homes proposed, limitations on starter home size and lot dimensions, and the projected sale price. Starter homes may not exceed 1,800 square feet, and lot sizes may not exceed 5,000 square feet. Applicants must also demonstrate marketing and sales strategies and provide a project timeline, with construction of each starter home required to be completed within three years of program selection.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

The appropriation of \$10 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY27 shall not revert to the general fund. Because the appropriation is nonrecurring and loan repayments are uncertain, continuation or expansion of the program beyond the initial capitalization may require additional future appropriations if demand exceeds available revolving funds.

HB168 appoints MFA to administer the program, including rulemaking, competitive procurement of eligible builders, loan origination and servicing, compliance monitoring, and periodic verification of owner occupancy. These responsibilities may result in increased operating and administrative expenses for MFA. MFA states it will “staff appropriately to administer a new program to eligible builders and eligible homebuyers;” however, it is unclear whether such costs will be absorbed within existing resources or paid from the program account.

SIGNIFICANT ISSUES

Because loans must be repaid upon sale of the property or failure to occupy the home as a primary residence, the appropriation is expected to function as a revolving fund, with repayments available for future loans. However, the timing and amount of repayments are uncertain and depend on housing market conditions, borrower behavior, and program uptake.

MFA currently administers several housing finance and development programs serving first-time and income-qualified homebuyers and homebuilders. These include multiple downpayment assistance programs that provide forgivable or low-interest loans to moderate- and low-income households, as well as single-family development initiatives that offer construction financing, below-market loans to developers, and subsidized homebuilder programs with sales price limitations. Collectively, these programs involve loan origination and servicing, underwriting, compliance monitoring, and partnerships with private builders and lenders.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates House Bill 200 and relates to House Bill 251, which also creates a New Homes Development Program.

TECHNICAL ISSUES

MFA states, “MFA is not subject to state procurement as a quasi-governmental entity. The New

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Mexico Mortgage Finance Authority has a board of directors that approves the organization's procurement policies.”

AO/SEC/dw/ct