

NM Affordable Housing Strategy

UPDATED 9/17/2026

The challenge

Housing affordability is one of the most pressing challenges facing communities across the country, as rising **labor, material, and financing costs coupled with more challenging development environments** continue to slow production nationwide.

New Mexico specifically faces an acute affordable housing shortage, estimated at **~50K housing units[1], and exacerbated by distinct, local factors.** New Mexican housing affordability is challenged most by inconsistent & delayed permitting, inconsistent & restrictive zoning / land use / building codes, and complex funding pools.

Solving this crisis will require a coordinated, statewide solution, bringing together the **Office of Housing, Dept. of Workforce Solutions, and you, our partners** around a shared plan of action.

What we hope to achieve today

Today, we want to discuss with you:

1. The **unique housing challenge** NM is facing & the key **pain points** preventing development
2. **Affordable housing's role** within the broader housing ecosystem in NM and our **view on solutions**
3. The **path forward, and how you can help** with expertise, advocacy, and/or implementation

We look forward to a candid conversation and your **partnership in turning these findings into action**

1. ~50K shortage of homes affordable and available for 30-150% AMI range

Findings synthesize 30+ stakeholder interviews across New Mexico as well as a wide range of federal, state, and private reports

Non-exhaustive

Conducted 30+ interviews with stakeholders across the NM housing ecosystem to understand current challenges and potential solutions

Developers & property managers

Financial investors

Government implementers

Advocates & academics

Other participants

Used reports & data from stakeholders & organizations including but not limited to:

- New Mexico Mortgage Finance Authority
- US Census Bureau: FRED, ACS, & BLS
- US Housing and Urban Development CHAS
- Federal Housing Finance Agency
- Mercatus Institute
- Realtor.com
- RSMeans
- National Association of Home Builders
- UNM Geospatial and Population Studies

Source: Stakeholder interviews, conducted May – July 2026

Housing affordability is a challenge in NM with low-middle income and working New Mexicans unable to find homes they can readily afford

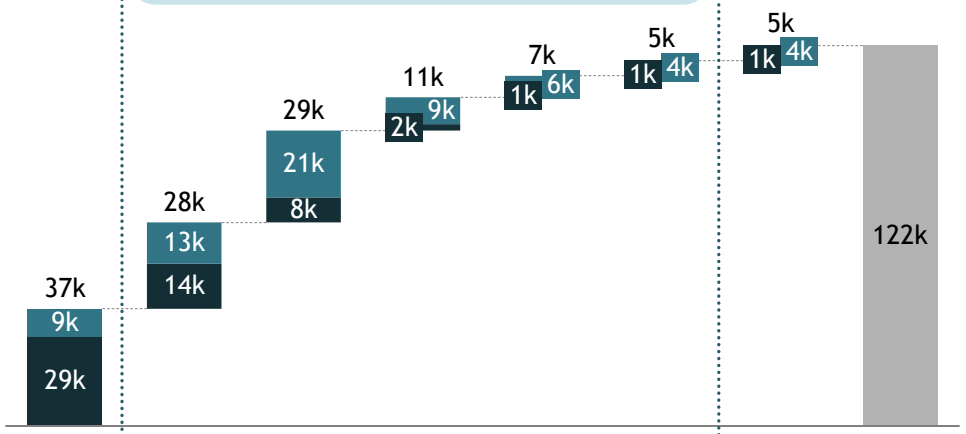
60+% of New Mexico housing cost burden is experienced by 30-150% AMI bands

65% of cost burdened homeowners are in 30-150% AMI

62% of cost burdened renters are in 30-150% AMI

NM Homeowners experiencing cost burden (2024)

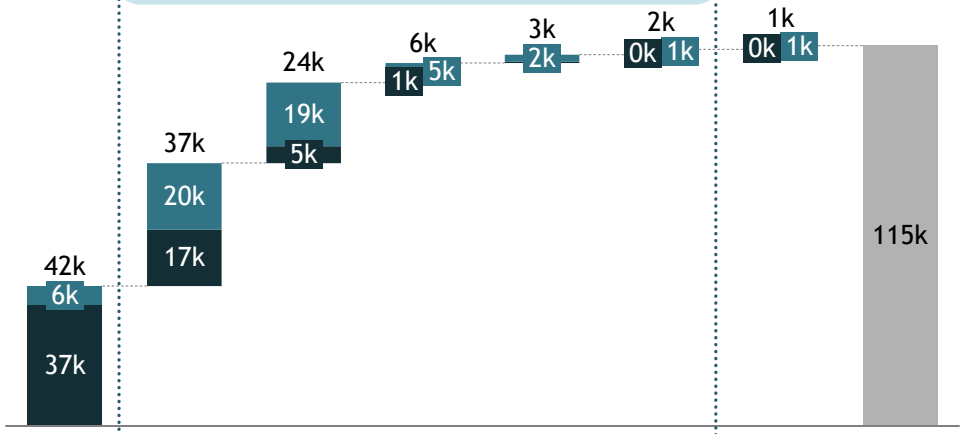
79k HHs in 30-150% AMI are burdened



Approx. AMI Range[1]	0-30	30-50	50-80	80-100	100-120	120-150	150+	Total
Total HH	48k	60k	97k	56k	55k	70k	190k	578k[2]
% of HH Burdened	78%	46%	30%	19%	12%	7%	3%	21%

NM Renters experiencing cost burden (2024)

72k HHs in 30-150% AMI are burdened



Approx. AMI Range[1]	0-30	30-50	50-80	80-100	100-120	120-150	150+	Total
Total HH	45k	45k	47k	24k	18k	18k	29k	227k[2]
% of HH Burdened	93%	83%	51%	25%	14%	9%	4%	51%

Burdened | Severe Burdened

1. Original data income bands (e.g., $20K-$35K) divided proportionally across relative AMI ranges based on median household income by NM MSA
2. Does not include ~9,000 homeowners and ~26,000 renters without AMI / burden data available (zero or negative income, incomplete data)

Source: ACS 2024 5-Year PUMA Estimates

AMI target bands include New Mexico's low & middle income, workforce households

	Baker	Paramedic	Middle school teacher	Detective	Dental hygienist
					
Sample job and median salary[1]	$34,850	$55,530	$75,230	$86,840	$95,940
AMI band	30-50%	50-80%	80-100%	100-120%	120-150%
Estimated family income[2]	$23-39K	$39-63K	$63-79K	$79-95K	$95-119K

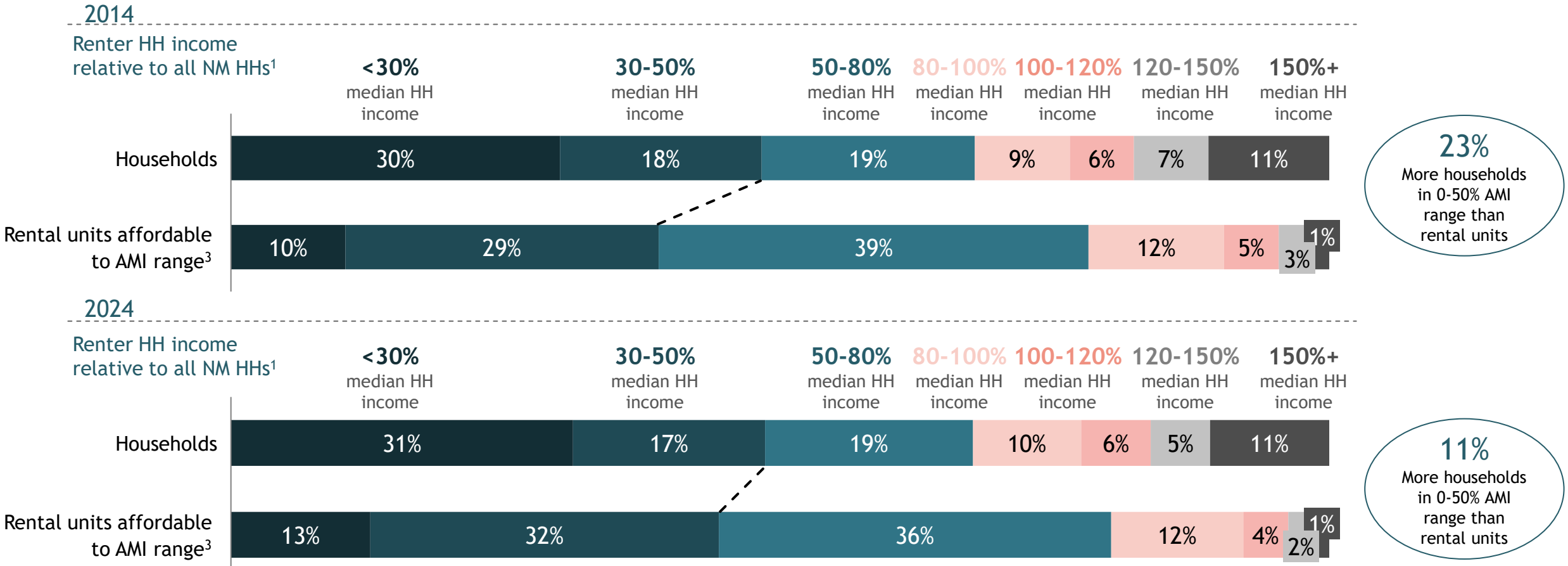
While we recognize the need for more housing across all income levels, the recommended actions in this document are focused on low & middle income and workforce housing (30-150% AMI)

These bands include both lower income New Mexicans as well as essential workforce (e.g., paramedics, public school teachers)

1. Sampled as head of household based on median NM 2026 annual salary 2. Est. as AMI percent of median NM family AMI ($79,556), AMI varies by region. Estimated AMI calculated as band median (e.g., 40% used for 30-50%) | Source: USBLS (2026), USDOL Career OneStop (2026)

Renter affordability | Long-term shortage of affordable rental units in NM, with 11% more households in 0-50% AMI range than units affordable to them

NM has made some progress on providing housing for 0-50% AMI range since 2014, but affordability challenge persists



Source: ACS 2024 5-Year Estimates

1. Based on New Mexico median family income; original data income bands (e.g., $20K-$35K) divided proportionally across relative income bands
2. Does not include units for which no rent is paid – typically provided by friends or relatives in exchange for services (e.g., tenant farmer, caretaker, etc.)
3. Affordable to AMI range reflect units with monthly renting costs <30% of state HH income band; e.g., 0-30% income band can afford monthly cost =<$500/month

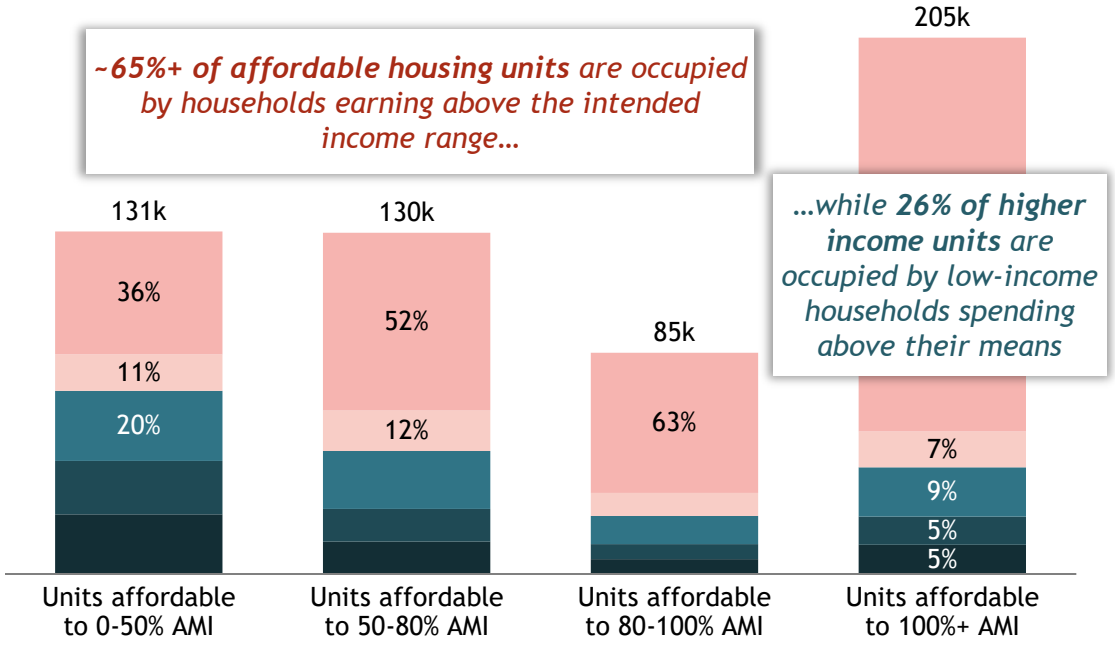
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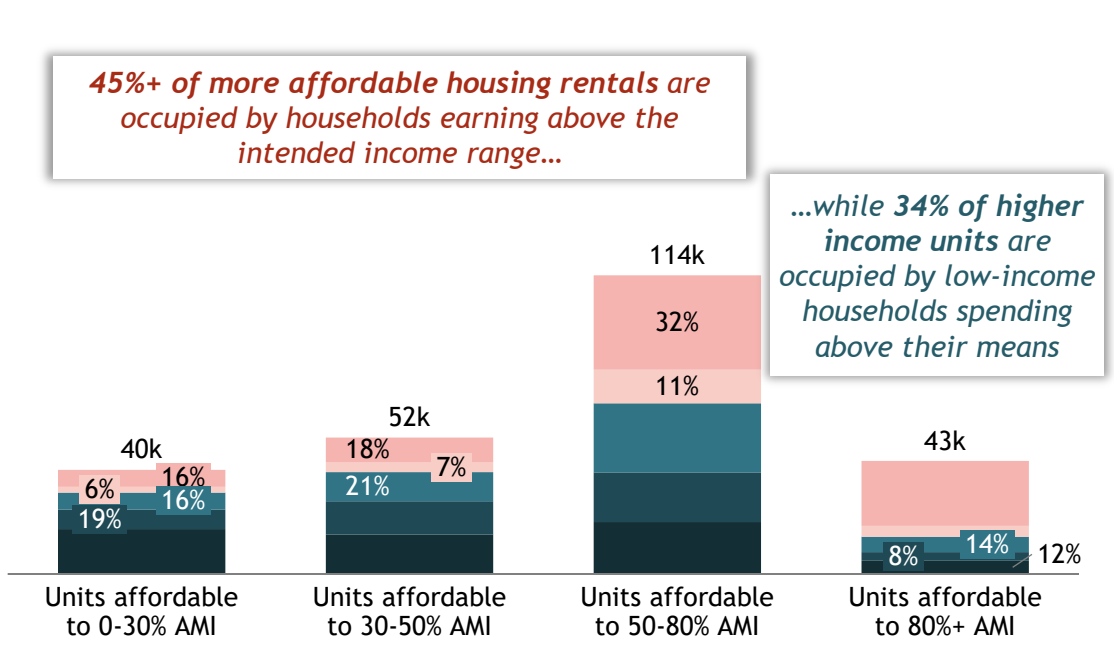
~65% of affordable housing units held by high-income households, meaning ~250k NM households are spending >30% of income on housing

Higher-income residents occupy significant portion of the housing affordable to mid- and lower-incomes (2022)

Homeowner unit occupant by household AMI[1]



Renter unit occupant by household AMI



Occupant income >100% of AMI
Occupant income 80-100% of AMI
Occupant income 50-80% of AMI
Occupant income 30-50% of AMI
Occupant income 0-30% of AMI

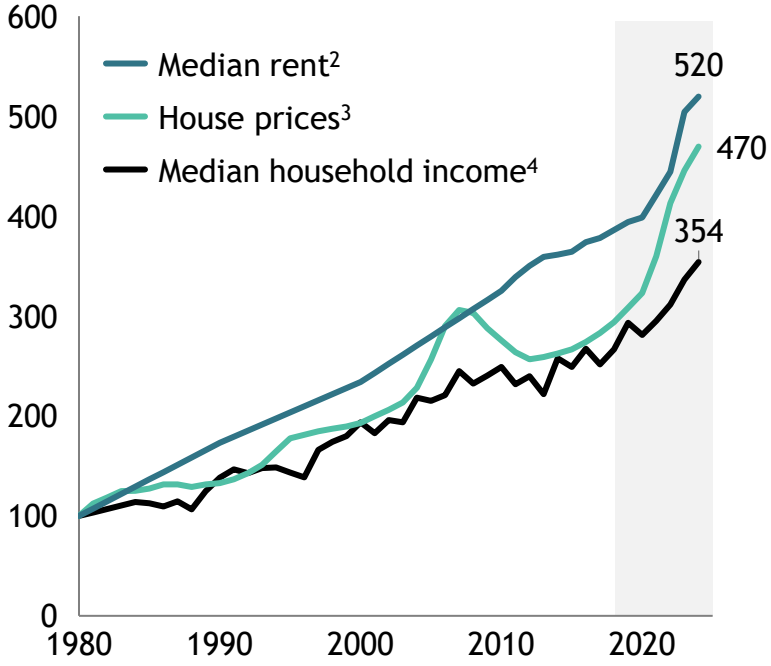
1. Owned home affordability determined by CHAS 'VHUD' affordability thresholds
Source: 2018-2022 HUD CHAS Data published Dec. 2025

If we keep developing housing at the current rate, we will never fill the gap.

Affordability is a long-term challenge for NM, but post-2020 demand has outpaced supply by >2x making the problem more acute

Since 1980, **rent and home prices in NM have grown by ~5x, outpacing household incomes** which have grown by ~3.5x

NM median rent, house price index, and median household income over time (inflation adjusted, indexed to 100 in 1980[1])



Growth since 1980

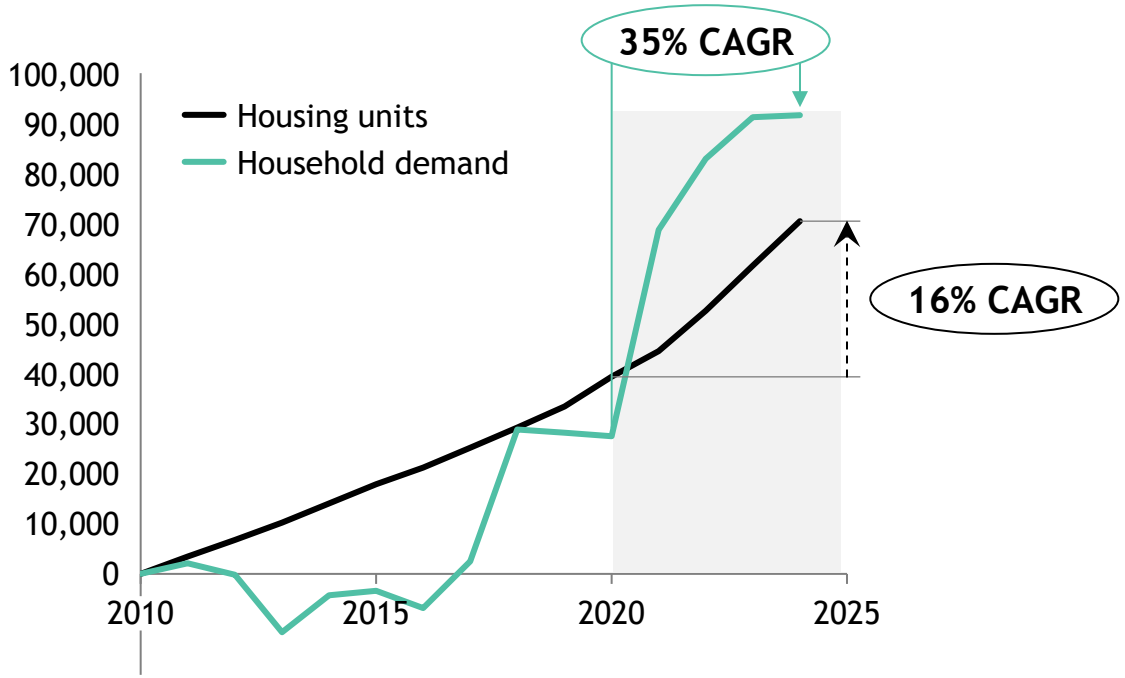
Median rent: **5.2x**

Home prices: **4.7x**

Income: **3.5x**

Household **demand has grown >2x the rate of new household unit development** since 2020, growing the supply gap

NM number of households and number of housing units over time (baselined to 0 in 2010)[5]

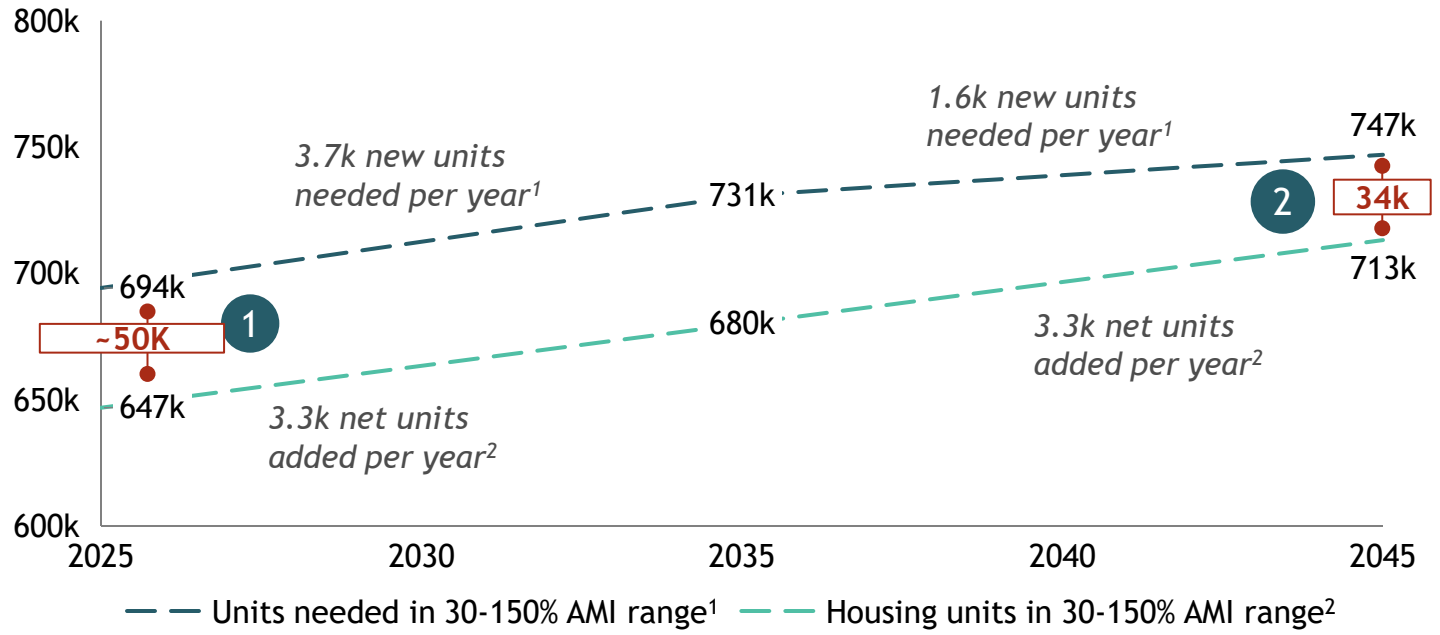


1.All indices are not seasonally adjusted 2. Rent data are from US Census Bureau & American Community Survey. 3. HPI from Federal Housing Finance Agency.
4. Household income from FRED. 5. All figures from American Community Survey 1-year estimates; all other ACS data sourced from 5-year estimates for county-level granularity
Source: U.S. Census Bureau (1-year estimates), American Community Survey, Federal Housing Finance Agency

NM on track for ~34k housing shortage in 30-150% AMI range by 2045 without significant intervention

New housing needs for 30-150% AMI range to outpace new housing unit production through 2035, then gradually **close** as NM household formation slows

NM projected housing units needed vs. units supplied in 30-150% AMI range



1. Housing needs **outpace baseline production** by ~0.4k units per year through 2035

2. Shortage expected to gradually decrease after 2035 but **will leave ~34K shortage by 2045**

1. New units needed per year calculated with 2024 household formation rates and population projections through 2050 from UNM, with population growth rate from 2045-2050 extrapolated for 2050-2060 period. Assumes 70% of new households formed will fall into 30-150% AMI range based on current HH AMI distribution, minimal new HH formation in 0-30% AMI. 2. Units added estimated using average change in NM housing units from 2010-2024, assuming 67% of new builds are affordable to 30-150% AMI range, in line with current housing affordable by AMI in HUD CHAS data.

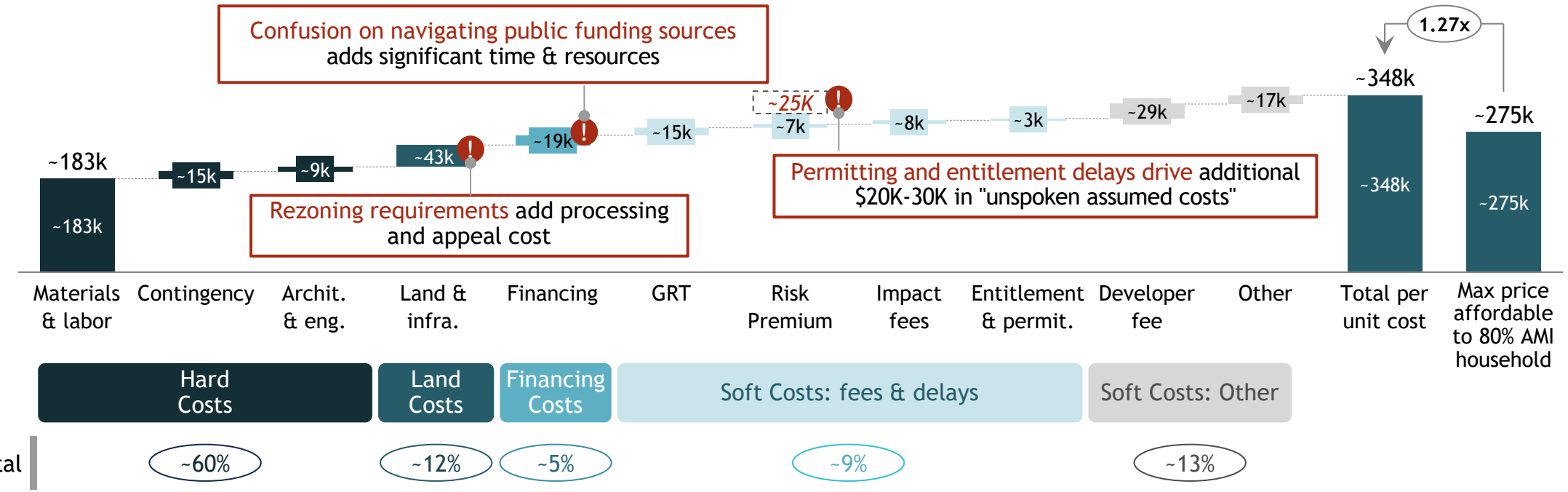
Source: 2018-2022 HUD CHAS Data published Dec. 2025, ACS 2024 5-Year Estimates, University of New Mexico Geospatial and Population Studies

We don’t build new housing stock faster because affordable housing doesn’t pencil.

New Unit Production | Pain points increase cost to build in Albuquerque outside of affordable range for an 80% AMI household

Per unit costs ($) to develop hypothetical multi-family project in Albuquerque
1.27X level affordable for 80% AMI household

Cost per unit ($) -2026- Directional



Directional pro forma based on interview participants for vertical multi-family build in Albuquerque, New Mexico; approximately 150 units at 900 sq. ft. each. Assumes standard financing terms without tax credits or GRT exemptions 1. Includes GC fees 2. Assumes 7.635% ABQ GRT rate applicable to hard & infrastructure costs 3. "Affordable to 80% AMI household" assumes 4-person household, mortgage payments equal to 25% of monthly income for the Albuquerque Metro Area, assuming 6.5% interest rate on 30-year fixed mortgage, 20% down payment, 0.85% property tax & standard home insurance rates Source: Market interview participants, Zillow affordability calculator

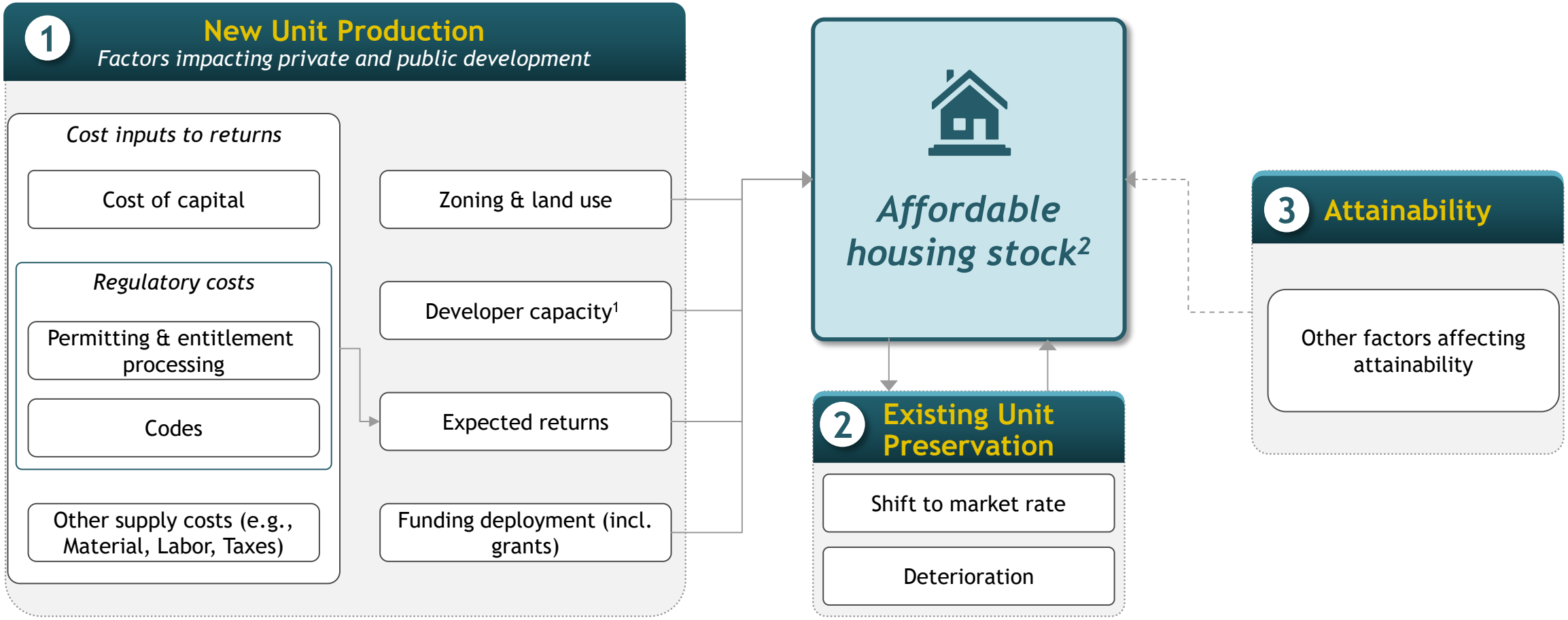
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We need to adopt policies that will create better market conditions and provide subsidies while those conditions improve. The time is now.

Three key factors impacting access to affordable housing stock

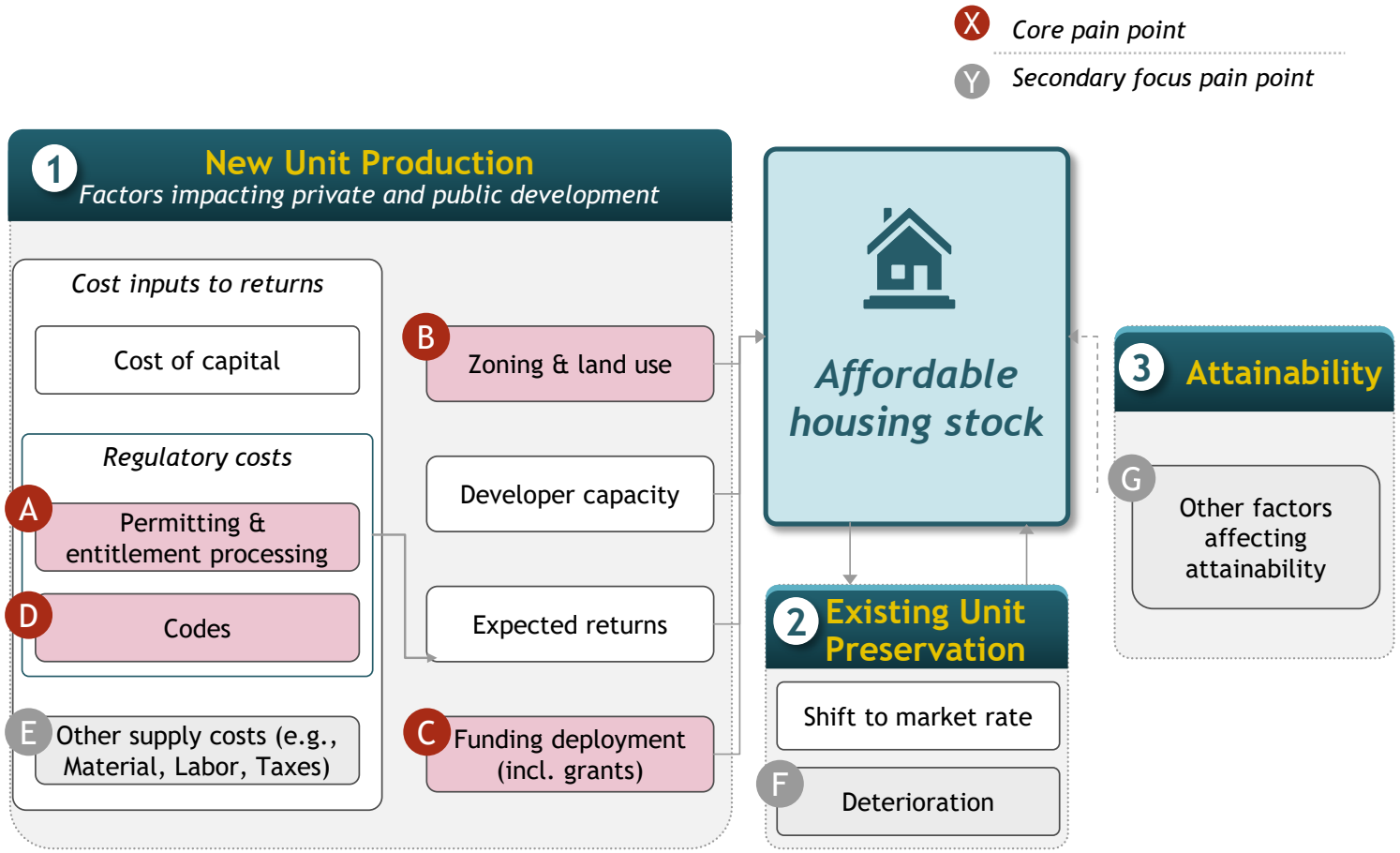
Factor	Stock impact	Definition	Examples
1 New Unit Production	**Adds** supply	**Enables public and private development** through increasing development supply funding and easing restrictions	• Align funding ecosystem player processes & timelines • Modernize zoning codes • Eliminate common land use restrictions
2 Existing Unit Preservation	**Maintains** affordable supply	**Boosts repair funding and enforces affordability** to improve quality and shift to market rate	• Increase preservation funding • Include preservation construction services in statewide price list
3 Attainability	**Unlocks** supply access	**Increases ability for households to pay** by providing funding and legal protections to buyers/renters	• Expand homebuyer assistance • Bolster tenant protections • Develop homeless response plan

Detail - Three key factors | Access to affordable housing stock is impacted by adding & preserving supply as well as boosting housing attainability



1. Incl. sufficient knowledge/expertise, scale, workforce/resources to execute given existing pipeline, etc 2. Housing units can be segmented multiple ways, including by type; quality (e.g., luxury through low quality), price (e.g., public housing/extremely affordable through luxury), age, size, etc.

Key pain points to affordable housing access include processing timelines, inconsistent & restrictive zoning / land use rules, & complex funding pools



Core pain points in order of perceived negative impact on NM housing supply

- **A** **Inconsistent & delayed permit / entitlement processing:** unpredictable & slow permitting / entitlement processes add time & cost
- **B** **Inconsistent & restrictive zoning / land use rules:** no standard zoning framework across state[1] with recent zoning reforms structurally blocked by land use restrictions
- **C** **Complex funding pools:** uncoordinated funders and misaligned timelines across funding pools cause confusion for developers
- **D** **Restrictive building codes:** adopted codes add cost to development and limit density
- **E** **Elevated direct costs:** growing labor / material costs, high interest rates & taxes potentially limit affordable development
- **F** **Deteriorating quality:** aging stock and degrading infrastructure lessen housing quality
- **G** **Affordability pressure:** significant # of households struggle meeting housing costs

Source: MFA (2026); ACS; FHFA; Stakeholder interviews; BLS (2025): RSMeans (2024); HUD CHAS (2025); ABQ Integrated Development Ordinance (May 2026); Realize Las Cruces (2025)

21st Century ROAD to Housing Act creates tailwinds for NM to act now

Preliminary findings and analysis - not exhaustive

Key provisions of the ROAD Housing Act

Supply/permitting reform

Streamlines **federal environmental and permitting processes**; encourages and incentivizes state/local/Tribal governments to reform zoning and development barriers

Affordable housing & preservation

Changes programs for **home repair, affordable housing planning**, CDBG eligibility, FHA multifamily loan limits, Section 8/HOME improvements, and public housing preservation; authorizes repair pilot for low-income housing & small landlords

Manufactured housing modernization

Updates **the definition of manufactured housing**, including units without a permanent chassis, to expand lower-cost factory-built housing options relied on in rural areas; expands **baseline loan limits for manufactured housing**

Limits on institutional investors

Restricts **large institutional investors from buying additional single-family homes** if they already own 350 or more, preserving carve-outs for new build-to-rent

Housing finance modernization

Updates **FHA multifamily lending programs, manufactured housing financing**, rural mortgage-assistance decoupling, and small-dollar mortgage requirements to improve credit access

Community banking & liquidity reform

Includes reciprocal deposit, custodial deposit, rural banking, and de novo bank provisions intended to strengthen community financial institutions and local housing finance

Potential implications for New Mexico

Permitting & entitlement processing

The Act streamlines federal environmental reviews plus open planning grants to states; **New Mexico could apply the categorical exclusions to federally assisted projects and pursue the new state-eligible capacity grants** to cut approval time

Zoning & land use

HUD must voluntarily model zoning and land-use guidelines; **New Mexico could adopt the guidelines or use them as a playbook and pair them with state-level zoning incentives to advance reform**

Building codes

Mandated changes include HUD single-stair code language; and dropping manufactured home chassis mandates. **New Mexico could adopt the single-stair code and update manufactured-home rules to spur development**

Funding deployment

HOME homeownership eligibility will rise from 80% to 100% AMI, and CDBG can fund new construction; manufactured homes should have access to more financing. **New Mexico could braid these to close capital-stack gaps for affordable projects**

Quality & demand-oriented affordability

New home-repair forgivable loans, vacant-building conversion, rural rental preservation, and faster voucher inspections will aid condition and access; **New Mexico could launch repair / conversion programs and streamline voucher use** to reach cost-burdened households

Rural housing access & affordability

USDA rental assistance will be decoupled from maturing rural mortgages to preserve affordability; and federal rules would support new rural community banks and lending. New Mexico could **partner with rural lenders** to boost lending and repair funding access

Note: Legislation passed 7/11/2026. Funding in Act requires appropriations from Congress

Sensible Solutions

7 policy packages to unlock affordable housing access at the state & local levels

Policy package	Objective	Proposals
Capacity building & workforce development	Direct state funds to **boost municipal human and tech affordable housing execution** capacity	• Training, technical assistance, model program development, grants for staff expansion, technology, include criteria for streamlining processes • Housing ecosystem workforce programs • Statewide Housing Price Agreement • Grants for local and regional infrastructure, housing & homelessness plans
Reform Local Zoning and Land Use	**Incentivize and enable municipal action** to increase access to affordable housing stock	• Adopt model codes and educate • Condition certain funding on adoption of model codes • Eliminate remaining end-runs that discriminate against modular homes
Preserve Affordable Units	Ensure we are **not losing affordable units** as fast as we are creating them	• Home rehab program to fill gaps in federal programs • Create statewide affordable housing preservation plan • Affordable unit preservation pilot program
Gap Financing as a Bridge to Better Market	Create short-term, predictable grant funding streams to bridge the gap while market improvements take hold	• OOH Grant Program – 3 years • Capital outlay for pre-development infrastructure • Homebuyer assistance programs (down-payments, rate buydowns) • Continued investments in HNM/NMFA
Housing as Economic Development	Tie housing supply efforts to **creating in-state industry and jobs**	• Increase in-state manufactured & modular house capacity through LEDA investments • Amend LEDA to clarify that housing is infrastructure
Align Funding Ecosystem Data and Processes	**Eliminate or reduce costs** associated with mismatched timetables for funding; maximize investments	• Resolution or legislation to create working group? • Help local governments reduce cycle time • Continue to develop and expand investment tracker
Modernize State Building Codes	Assist rural areas by ensuring **the state codes are facilitating** affordable housing development	• Broaden applicability of International Residential Code from 4 to 6 units • Allow single stair up to 6 stories, 4 units/story • Increase CID and MHD permitting and inspection capacity

Strategies and Funding Requests

How	Funding	Legislation in 2027?	Rule change?
Solution 1. Increase local government permitting and entitlement capacity and incentivize streamlined processing techniques			
Training, technical assistance, model program development, grants for staff expansion, technology, include criteria for streamlining processes	$5,000,000 / year for 3 years (GRO)	No	No
Housing ecosystem workforce programs	$1,000,000/year for 3 years (GRO)	No	No
Statewide Housing Price Agreement	$500,000 recurring	Yes	New rules
Grants for local and regional infrastructure, housing and homelessness planning	$2,000,000/year for 3 years (GRO)	No	No
Solution 2. Reform local zoning and land use			
Adopt model codes, educate, condition funding on adoption of model codes	OOH base funding	No	No

Case study | CO issued $14M to statewide communities for direct capacity building

Context

- CO Department of Local Affairs (DOLA) cited many rural areas with "limited capacity" to support administrative burden of accelerating housing dev
- Created Local Planning Capacity Grant Program (2023) to fund staffing and tooling required to accelerate development review, permitting, & zoning of affordable housing

Approach

- DOLA engaged over 16 partner orgs, held 3 stakeholder meetings with planners & developers, and administered a state-wide survey to design the program
- Grants up to $250K per jurisdiction to fund capacity to accelerate development (e.g., FTEs, consultants) conditioned on launching "fast track" approval
- Launched technical-assistance webinars & published "peer exchange" (e.g., CO city planning managers presented on software solutions in '24)

Impact[1]

- $14M to 130 local governments supporting additional capacity in <2 years (60% of eligible jurisdictions)
- 23 new FTEs made possible across 28 jurisdictions

$14M
Funds awarded since Fall '24

90
Days in review post "fast track" build-out

1. Program ongoing, impact as of last reporting (Mar. 2026)
Source: CO Prop 123 (2023), CO Dep't of Local Affairs (2026)

By-right residential zoning case study | By-right zoning in Santa Fe could prevent public appeals that delayed ~240-unit multi-family construction

~240-unit multi-family development in Santa Fe faced **3-year public appeal delay driven by protest of due process in discretionary hearings**



Large-scale project approved early 2021 delayed 3 years by appeals…

- Mixed-use development approved by Santa Fe City Council in April 2021
- Total construction plans included ~400 housing units, 10% affordable
- Neighborhood association protested lack of due process, ultimately losing in the Court of Appeals in 2023

… directly & indirectly reducing housing supply in Santa Fe

- ~240 multi-family units still in construction
- Estimated 50%+ cost increase based on changed dynamics & new equity
- Developers discouraged from future Santa Fe development & capacity constrained by lengthy projects

Given by-right zoning for new residential developments, could have:

- **Prevented discretionary review** subject of ~28-month court challenge
- Built **240 multi-family units by end of 2024**
- **Protected against cost per unit increase** of estimated 50%+

Estimated ~8 months saved per project with by-right zoning in Santa Fe (+125 units per year)

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1. Zia Flats process included two "Early Neighborhood Notification" meetings, a virtual follow-up, a two-day planning commission hearing with 42 written / 46 oral testimonies, & a two-day city council meeting prior to neighborhood appeal in district court Source: Santa Fe New Mexican, Stakeholder Interviews, MARIE A. SHOOK, ED OPPENHEIMER, and JOAN CONROW, Plaintiffs-Appellants, v. GOVERNING BODY OF THE CITY OF SANTA FE, Defendant-Appellee, ZIA STATION, LLC, Real Party in Interest

New Mexico Department of WORKFORCE SOLUTIONS

Strategies and Funding Requests

How	Funding	Legislation in 2027?	Rule change?
Solution 3. Preserve affordable units			
Home rehab and preservation program to fill federal gaps	$5,000,000 recurring	No	No
Create statewide affordable housing preservation plan	$500,000 non-recurring	No	No
Affordable unit preservation pilot program	$500,000 non-recurring	No	No
Solution 4. Gap financing to subsidize construction while other issues are addressed			
Grant program	$50,000,000/year for 3 years (GRO)	No	No
Capital Outlay	$30,000,000 non-recurring	No	No
Homebuyer assistance programs	$5,000,000 recurring	No	No
Solution 5. Housing as Economic Development			
LEDA funds to expand manufactured housing industry	$25,000,000 non-recurring to EDD	No	No
Amend LEDA to clarify that housing is infrastructure	$0	Yes	No

Case study | Vermont's approach to rehab & preservation increased affordable years in 1K+ units

Context

- Of Vermont's rental housing stock, 80% was >40 years old, and ~47% was >80 years old as of 2019
- Private landlords held 83% of Vermont's rental stock with much of it in need of updating and repairs to add quality middle-income housing
- Average Vermont cost to build a new unit was $450K-$600K

Approach

- VT's Housing Improvement Program (VHIP; 2020) offered grants up to $50K to private landlords for rehabbing vacant or code-violating units
- VHIP required participants to rent units at or below HUD Fair Market Rents for the County for at least 5 years
- 2024-2025 VHIP expansions :
  - extended grants to non-residential conversions or ADUs
  - added 5- and 10- year forgivable loan options
  - set up Revolving Fund to sustain program through repaid loan funds

Impact

- $39K average award per unit to bring the unit back online; 8% of the cost to build a new unit in VT
- $47.2M in total granted funds has generated an estimated $45.9M in property owner investment

~$1:$1	1,203
Property owner dollars leveraged per grant dollar	Units Funded Through 2025

Source: Vermont Agency of Commerce and Community Development (2026); Vermont Legislative Joint Fiscal Office

Case study | CO's modular housing program invested in local industry incentivizing 1K+ in-state units

Context

- 91% of CO's modular housing units were produced by out-of-state manufacturers
- CO launched Innovative Housing Incentive Program (IHIP) in 2022 to increase supply of quality, affordable homes, create jobs in CO, and attract new housing manufacturers
- Colorado Housing Finance Authority (CHFA) selected to administer IHIP

Approach

- CO allocated $40M in funding for IHIP in 2022, with an additional $18M in funds from Prop 123 in 2023
- IHIP includes two funding mechanisms:
  - grants for per unit incentives and working capital expenses
  - factory loans to support new or expanding factories in Colorado
- Per-unit incentives reward manufacturers who build affordable homes with a cash award for every unit built and installed in CO

Impact

- $38 million in factory loans awarded to eight offsite housing producers across the state[1]
- ~$4,600 in IHIP grants dispersed per incentivized housing units

40%[2]
Decrease in units produced out of state

>1,000
Units directly incentivized

1. As of Feb 2024 2. As of Feb 2025
Source: IHIP Program Guidelines (1/2/26); CO OEDIT IHIP; OEDIT 2024-2025 Annual Report; OEDIT 2/6/25 release; CHFA; EDCC

Strategies and Funding Requests

How	Funding	Legislation in 2027?	Rule change?
Solution 6. Align funding ecosystem data and processes			
Collect, track, and map standardized data on all housing investments statewide	OOH Operational Funding	No	No
Align deadlines and application procedures, including providing technical assistance to local governments to increase efficiency	$0	Maybe	No
Solution 7. Modernize state building codes			
Broaden IRC applicability	$0	No	Yes
Modify stairway requirement	$0	No	Yes
Increase CID and MHD permitting and inspection capacity	TBD	Maybe	No

Case study | MN ID'd as funding leader with consolidated app and forward LIHTC funding

Context

- Assembling complex LIHTC stacks is noted nationwide as adding time and cost to affordable construction:
  - 25% LIHTC projects require 5-11 funding sources
  - Each addt'l source adds +4 mos. To start time & $20K in addt'l costs
- MN ID'd strong regional disparity with oversubscription in Twin Cities area[1] due to large developer sophistication

MN faced similar challenges as rest of nation; currently seen in NM

Approach

- MN issued single Consolidated RFP incl. LIHTC, HOME, NHTF, loans, PBVs with agency allocating fit by applicant
- All MN affordable funding moved to consistent annual timeline
- LIHTC funding moved to select recipients 1 year in advance of allocation fixing stack non-predictability

Impact

- Terner (2021) ID'd MN's 2012-2016 funding assembly reforms as national best practice[2]
- 4-5x oversubscription post reform showing ease of developer access

2.6K

4-year home funding avg. post-reform

45%

Funds delivered outside Twin Cities

1. Exact allocations not published 2. MN piloted initial reforms in 2012 with scaling & revision 2015-2016
Source: Terner Center (2021), Brookings (2021), MN Housing (2026)

Case study | Seattle's single-stair reform decreased costs & unlocked small lots w/ no added safety risk

Context

- Seattle formed a Building Code Advisory Board to address 1970s population decline and stark regional unemployment
- The Board's purpose was to examine how the building code could be modified to encourage in-city living, redevelopment, and new construction

Approach

- Seattle approved the Board's recommended amendments to adopt single stair construction up to 6 stories/4 units per story to unlock development on the city's many small infill lots
- Now fondly known as a "Seattle Special," single-stair MF constructed units can be seen throughout the city

Impact

- ~6% to 13% decreased hard-costs to build
- Over a 12-year study, zero additional safety risks were found for single-stairway buildings with fire suppression[1]

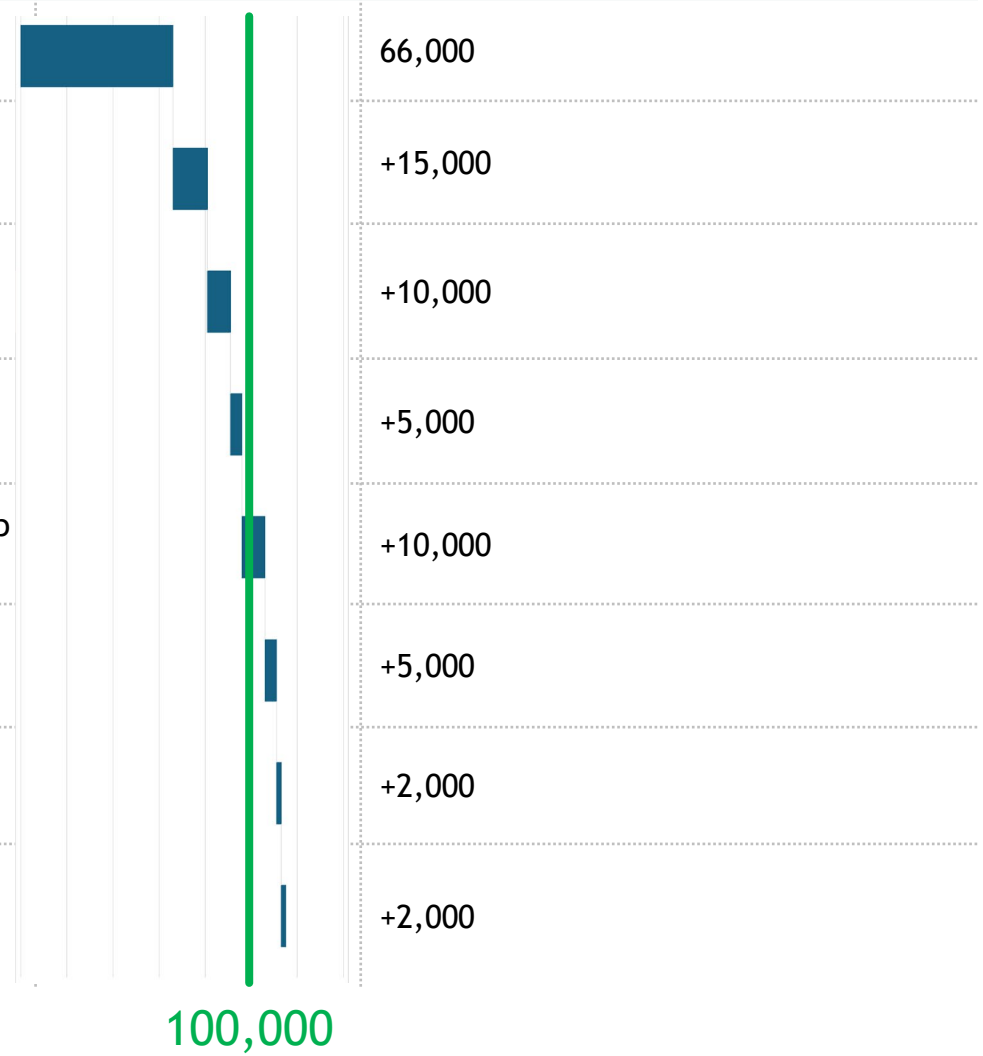
~9%	~10%
More rentable space per building for developers	Decreased hard-costs to build

Link to Seattle's code here
(starting on p. 50, Section R311)

1. The Pew Charitable Trusts and the Center for Building in North America found no evidence of additional safety risks for single-stairway buildings with sprinklers in a study analyzing Seattle and NYC from 2012-2024
Source: Mercatus Center (George Mason Univ.) "The Seattle Special"; Pew "Small Single-Stairway Apartment Buildings Have Strong Safety Record"; Harvard Joint Center for Housing Studies "Legalizing Mid-Rise Single-Stair Housing in Massachusetts"

7 policy packages to unlock affordable housing access at the state & local levels

Policy package	Objective	Anticipated additional units by 2045
Baseline additional units anticipated	Number of new units anticipated to be constructed under current conditions	66,000
Capacity building & workforce development	Direct state funds to **boost municipal human and tech affordable housing execution** capacity	+15,000
Reform Local Zoning and Land Use	**Incent and/or enable municipal action** to increase access to affordable housing stock	+10,000
Preserve Affordable Units	Ensure we are **not losing affordable units** as fast as we are creating them	+5,000
Gap Financing as a Bridge to Better Market	Create short-term, predictable grant funding streams to bridge the gap while market improvements take hold	+10,000
Housing as Economic Development	Tie housing supply efforts to **creating in-state industry and jobs**	+5,000
Align Funding Ecosystem Data and Processes	**Eliminate or reduce costs** associated with mismatched timetables for funding; maximize investments	+2,000
Modernize State Building Codes	Assist rural areas by ensuring **the state codes are facilitating** affordable housing development	+2,000



Why We Need the Office of Housing



To Pre-Empt or Not to Pre-Empt| Where is the actual housing shortage?

County	Existing Shortage	Additional HH needing units by 2045	Additional HH needing units by 2045 30-150% AMI	Total 2045 new units needed	Total 2045 new units needed 30-150% AMI
Bernalillo	13k	23k	16k	36k	29k
Santa Fe	9k	9k	6k	18k	15k
Dona Ana	4k	11k	8k	16k	12k
Sandoval	4k	11k	8k	15k	12k
Eddy	1k	3k	2k	4k	3k
Valencia	1k	3k	2k	5k	4k
Chaves	1k	1k	0.5k	2k	1k
Other 26 counties	14k	15k	10k	30k	25k

56%

Of the shortage in 3 counties

Permitting & entitlement processing | Municipalities have broad authority leading to variance in regulation and timeline across urban centers (I/II)

At / ahead of benchmark | Partial reform | Behind lead | *Not included - no action*

Policy topic	NM example action(s)	Leading benchmark	Impact from benchmarked change[1]
Shot clocks	Statewide - no action	CA SB35 (2017) - required ministerial review of qualified housing <6 mo. statewide	30% faster processing with 25% lower cost from delay in approvals post-reform (where zoning and processing support streamlining)
3d party review/ inspection	Statewide - no action Albuquerque - allowed 3d party review as opt-in fee for all residential; waived 3d party review fee for affordable housing Las Cruces - no action Santa Fe - allowed developer to pay 20% extra for 3d party technical checks on all residential housing; maintains DRT review	Prince George's County, MD (2023) - authorized complete 3d party review (no local action needed) at own cost for many residential constructions	50-75% reduction in permitting time for developers using approved 3d party review with no further local action (2-3 wks. vs. 4-6 wks.)
Raising protest/ reducing override burdens	Statewide - enacted general anti-SLAPP provision; housing not addressed in 1st Amendment-focused provision Albuquerque - required petition signed by owners and tenants within 330 ft. of development or zone change to protest; losing protestors must pay applicant fees Las Cruces - allowed most construction by-right eliminating protest Santa Fe - required quasi-judicial public hearing with early neighbor notification; added additional city council review Carlsbad - never enabled neighbor protest /review	TX HB 24 (2025) - raised protest threshold from 20%-60% for rezoning; enables 50% override vote; imposes 60-day litigation clock; allows development during litigation	Eliminated most frequent tool used to block attempted development in Austin following zoning reform
Mandatory review & appeal	Statewide - no action Albuquerque - guaranteed standing for neighbor protest Las Cruces - eliminated most discretionary review making most residential construction by-right Santa Fe - added 5 public review layers: public hearing; archaeological review committee; DRT[2] review; board of adjustment; mandatory neighbor notice	Las Cruces Ord. 3090 (2025) - eliminated most discretionary review making most residential construction by-right	0-3 day permit timeline for by-right housing in Las Cruces post reform

OFFICE OF HOUSING

1. Impact estimated in some instances due to delay in build 2. Design Review Team: Santa Fe specific city employee team required to initially review all residential | Source: ABQ (May 2026); Realize Las Cruces (2025); Santa Fe Land Development Code (2024); NM code annotated; Terner Center 2022-2024; U.S. Census (2024); ABQ permit data (FY25); PG County (2024)

New Mexico Department of WORKFORCE SOLUTIONS

Permitting & entitlement processing | Municipalities have broad authority leading to variance in regulation and timeline across urban centers (II/II)

At / ahead of benchmark | Partial reform | Behind lead | *Not included - no action*

Policy topic	NM example action(s)	Leading benchmark	Impact from benchmarked change[1]
Clear offsite infrastructure requirements	Statewide - no action	CA AB 1820 (2024) - required itemized good-faith impact and exaction fee estimate within 10 days of preliminary application & 30 days of final approval	25% added cost estimated by NM developers from unexpected infrastructure; NM developers hold "risk reserve" adding cost
Digital permitting / e-permitting	Statewide - n/a; some rural municipalities using paper systems Albuquerque - launched 24/7 permitting portal including review Las Cruces - launched 24/7 portal including submission and tracking Santa Fe - no action	CA AB 920 (2025) - requires cities and counties with populations >150K to provide centralized online housing-application portal with status tracking CA AB 253 (2025) - implements strict review timelines, allowing developers to utilize licensed third-party private reviewers if municipal agencies fail to process digital applications efficiently	<30-day total timeline from application to final approval statewide for small residential projects (<10 units)
Remote review / inspection	Statewide - tested by CID during COVID; currently disallowed	FL HB 667 (2021) - authorized inspection authorities to conduct remote, virtual building inspection	>100K remote inspections completed statewide since 2024 with rural review completed in days (vs. weeks pre-reform)

1. Impact estimated in some instances due to delay in build | Source: ABQ (May 2026); Realize Las Cruces (2025); Santa Fe Land Development Code (2024); NM code annotated; Terner Center 2022-2024; U.S. Census (2024); Oregon.gov; flsenate.gov; South Florida Business & Wealth (2026)

Zoning & land use | Urban NM has upzoned but patchwork structure leads to inconsistency across municipalities and allows regulatory blocking (I/III)

At / ahead of benchmark | Partial reform | Behind lead | *Not included - no action*

Regulation	NM example action(s)	Leading benchmark	Impact from benchmarked change[1]
ADU by-right allowance	Statewide - no action Albuquerque - allowed 1 by-right in 79% of residential zones; <750 sq. ft. Las Cruces - allowed 1 by-right in all residential zones; <50% of main dwelling floor area Santa Fe - allowed 1 by-right in lower-density residential zones; lesser of 1500 sq. ft. or floor area of main dwelling	CA AB 68 (2019) & CA SB 1211 (2024) - protect the ability to build an 800-sq.-ft. ADU and allows multiple by-right ADUs statewide on multifamily lots	27K ADUs permitted statewide following reform (up from 1.3K in 2016); CA model cited by Phoenix and AZ 2024 reforms
2-4plex by-right allowance	Statewide - no action Albuquerque - allowed 2-4-plex by-right in 79% of residential zones Las Cruces - allowed 4-plex by-right on .25 acre lots in all residential zones Santa Fe - allowed multifamily by-right in low/high density residential zones; city review req'd.	OR HB 2001 (2019) - approved 2-4plex in all single-family zones statewide	1.4K units permitted in Portland Aug 2021 - Jun 2024; missing middle now leading housing type in single-dwelling zones. Note: Terner Center found flexibility, permitting reform equally important as zoning[3]
Manufactured in urban zones by-right allowance	Statewide - preemptively allowed multi-section manufactured housing anywhere site-built single family homes allowed	TX SB 785 (2025) - prohibited blocking of HUD-code manufactured homes statewide	50% reduction in avg. home cost between manufactured and site-built home by sq.ft.[4]
RICZ by-right allowance	Statewide - no action Albuquerque - allowed multifamily by-right in central corridors; other non-residential commercial allows by-right townhouses but multifamily requires discretionary & 5-year vacancy Las Cruces - allowed mixed-use by-right in commercial and residential zones Santa Fe - allowed residential in some commercial zones; review still required Carlsbad - allowed all residential in local commercial zones	Los Angeles ARO (1999) - enabled by-right approval for MF homes in commercial zones	12K+ units built in commercial zones in downtown LA since reform

1. Impact estimated in some instances due to delay in build 2. Single room occupancy 3. Terner simulations show permitting, restrictions equal factors to zoning reform in increasing supply 4. $87/sq.ft. vs. $166/sq.ft. | Source: ABQ Integrated Development Ordinance (May 2026); Realize Las Cruces (2025); Santa Fe Land Development Code (2024); NM code annotated; Terner Center 2022-2024; U.S. Census (2024)

Zoning & land use | Urban NM has upzoned but patchwork structure leads to inconsistency across municipalities and allows regulatory blocking (II/III)

At / ahead of benchmark | Partial reform | Behind lead | *Not included - no action*

Regulation	NM example action(s)	Leading benchmark	Impact from benchmarked change[1]
Parking minimum reduction	Statewide - no action Albuquerque - reduced requirement up to 50% of total base parking requirement within .25mi. of transit Las Cruces - eliminated in infill with 50% base requirement substitutable with bicycle parking elsewhere Santa Fe - eliminated in Business District; elsewhere counts street parking against 1-2 min. requirement elsewhere	Denver (2025) - eliminated all parking minimums citywide	460 additional MF units/yr projected in Denver from eliminating parking mins; 12.5% increase in housing production
Setback reduction	Statewide - delegated to municipalities Albuquerque - capped at 5' for ADUs; delegated other dwellings to neighborhood and local planners Las Cruces - capped at 5' for ADUs city-wide Santa Fe - no action	CA Gov. Code §65852.2 - capped ADU setback requirements at 4 ft	2x ADU eligibility from reducing setback from 10 to 5 ft; CA legislative finding that >5 ft. requirements being used to block ADU construction
Min. lot size reduction	Statewide - delegated to municipalities Albuquerque - no action; lot size mins included in IDO Las Cruces - allowed by-right 4-plex on .25 acre lots Santa Fe - no action	Houston (1998) - allowed construction on 1.4K sq. ft. lots	>60K small-lot homes built in Houston since 1998;[2] 7x homes/acre identified vs. avg. suburban acre
TOD	Statewide - no action Albuquerque - allowed by-right multifamily with no height max within .25 mi. of transit but with no density requirement Las Cruces - allowed mixed use near transit but not transit tied Santa Fe - allowed multifamily in specific innovation corridor; not transit tied	CO HB 24-1313 (2024) - required >40 units per acre in close proximity to rail or bus in Front Range metros >4K pop.[3]	$35M directed to the fund, with $13.3M in inaugural awards given out in Feb '26 across Front Range communities

1. Impact estimated in some instances due to delay in build 2. Mercatus found 14 small-lot homes / acre vs. 2-4 on avg. suburban lot 14 3. 18 urban counties along the east face of the Rocky Mountains, incl. Denver, CO. Springs, Pueblo 4. ABQ identified a reduction in ADU approval from 115 to 12 days in 2025 | Source: ABQ Integrated Development Ordinance (May 2026); Realize Las Cruces (2025); Santa Fe Land Development Code (2024); NM codes annotated; University of Denver (2025); CA AB 221 (2022); Mercatus (2026); Reason Foundation (2026)

Zoning & land use | Urban NM has upzoned but patchwork structure leads to inconsistency across municipalities and allows regulatory blocking (III/III)

At / ahead of benchmark | Partial reform | Behind lead | *Not included - no action*

Regulation	NM example action(s)	Leading benchmark	Impact from benchmarked change[1]
Pre-approved ADU model library	Statewide - no action Albuquerque - provided free pre-approved ADU design plans through Housing Forward ABQ Las Cruces - no action Santa Fe - no action	ABQ "Creating a Casita" (2023-2025) - created & shared pre-approved model library	89% decrease in ABQ ADU approval time since release of library[4]
Micro-unit allowance	Statewide - allowed tiny homes (<400 sq. ft.) on permanent foundations; microunits not included Albuquerque - allowed co-living & tiny homes in mixed use zones Las Cruces - no action Santa Fe - allowed tiny homes anywhere ADUs allowed	WA HB 1998 (2024) - allowed "co-living" micro-unit construction on any area where 6+ MF units allowed	2.4K units/year projected in urban Washington from added micro-conversions; 25-35% lower construction cost anticipated
Occupancy limit / SRO[2] reforms	Statewide - no action Albuquerque - capped at 5 non-familial residents to count as household in residential zones Las Cruces - eliminated occupancy caps Santa Fe - capped at 5 non-familial residents to count as household	CO HB24-1007 (2024) - banned unrelated adult occupancy caps statewide	Greater population served immediately by existing housing stock with no new required construction
Tax reassessment applied to "zoning change"	Statewide - interpreted use and zoning changes to trigger residential tax revaluation (vs. 3% fixed)	Zoning language appears NM specific - no clear model for reducing revaluation from zoning; most states trigger reevaluation on ownership or use change	Public and private development chilled by risk of sudden value increase ("lightning" tax); documented neighborhood use to block development

1. Impact estimated in some instances due to delay in build 2. Single Room Occupancy | Source: ABQ Integrated Development Ordinance (May 2026); Realize Las Cruces (2025); Santa Fe Land Development Code (2024); NM codes annotated; Sightline Institute (2025)

Zoning land use case study | Looser building height land-use restrictions in multi-family zones could add density & prevent unnecessary delays

Land use restrictions for ~200-unit mixed-use multi-family build created appeal battle & 2-month delay



Large multi-family build blocked by appeal of land use plan…

- ~200-unit build planned in commercial zone, required 5 stories to pencil
- Neighborhood appealed granted heigh variance despite being in line with adjacent proposed construction

… creating 2-month delay & discouraging additional builds

- Neighborhood protest required 2-month appeal process
- Typically creates ~$25-100K land sale risk that *"causes uncertainty… and scares off developers"*

Enabling 5-story multi-family builds through looser mixed-use building height restrictions, could have:

- **Prevented basis of appeal** causing 2-month delay for ~200-unit build
- Avoided $25-100K **renegotiation cost risk** & **negative developer signal** for future multi-family builds

Land use & density improvements estimated to add ~50 units per year across New Mexico

Source: Developer stakeholder interview