LFC Requester:	Emily Hilla

AGENCY BILL ANALYSIS - 2025 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: *2/22/25*   *Check all that apply:*
Bill Number: *HB571*   Original __   *X* Correction __
                                     Amendment __   Substitute __

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	**FY26**		
$0	$0		

(Parenthesis ( ) indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	**FY26**	**FY27**		
$0	$0	$0		

(Parenthesis ( ) indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	**FY26**	**FY27**	**3 Year Total Cost**	**Recurring or Nonrecurring**	**Fund Affected**
Total						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
SB205/HB448 New Mexico Office of Housing Planning and Production

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 571 (HB571) creates the "Building New Mexico" program and certification within the Department of Finance and Administration, which would be awarded to municipalities that have implemented land use and zoning strategies that increase housing affordability and accessibility. The legislation calls on the Department of Finance Administration to promulgate rules which define best practice land use and zoning policies, and identify strategies that reduce the complexity of approval and review processes, promote mixes of housing types, and lower the cost of housing construction and development.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES
New Mexico is facing an unprecedented housing shortage and related affordability crisis. Since 2017 New Mexico has seen homelessness increase 87%, 47% faster than the national average. Median rents in New Mexico have increased 60% in that same time, as compared to 27% nationally. The average cost of a home has increased 70%, far outpacing wage growth. Driving this is a 15-year underproduction of housing, a period where the state built around 50% of the homes constructed in the 15 years preceding the 2009 financial crisis. Despite high demand and low supply of available housing, as of October 2024, New Mexico was one of just one of five states with a decline in single-family permit issuance year-on-year. A recent article published by Pew Charitable Trusts identifies regulatory barriers to new housing as one of the primary drivers of our state's affordability crisis. This proposal would begin working proactively to address regulatory barriers impacting the availability and affordability of housing.

Specifically, this program would begin moving toward state-defined best practices around land use and zoning which could help support adoption in local municipalities or be used for incentive frameworks for access to future state funding for housing. In this way, the legislation is similar to Colorado Proposition 123 which defined best practice land use frameworks for local governments and provided access to special pools of funding to communities that set goals for affordable housing production and implemented land use and zoning reforms included in the state framework.

PERFORMANCE IMPLICATIONS
DFA does not have staff with technical expertise in housing and land use and would need to work with the Governor's Office of Housing Planning and Production (OHPP) to implement the program. If OHPP is successful in the passage of HB448 or SB205 to create statutory authority for the Office, then this would be a natural place for the program to be administered because of the focus on improving housing regulatory frameworks in New Mexico.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS