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FISCAL IMPACT REPORT

LAST UPDATED _____
ORIGINAL DATE 02/28/2025

SPONSOR Lujan

BILL
NUMBER House Bill 462

SHORT TITLE Nonpayment of Rent Notice Period

ANALYST Gygi

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
AOC	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal		Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 400

Sources of Information

LFC Files

Agency Analysis Received From

Administrative Office of the Courts (AOC)

Attorney General (NMAG)

New Mexico Mortgage Finance Authority (NMMFA)

Office of the Governor

Governor's Office on Housing

SUMMARY

Synopsis of House Bill 462

House Bill 462 (HB462) amends the Uniform Owner-Resident Relations Act (Section 47-8-33 NMSA 1978) to increase the notice period for nonpayment of rent from three to 10 days. If the resident tenders the full amount due prior to the expiration of the 10-day notice, an action for nonpayment of rent is barred. If payment is not made by then, with notification to the resident, the rental property owner may terminate the rental agreement and the resident must vacate immediately or face eviction. The bill also makes minor language modifications to sections allowing for domestic violence to be used as a defense for breach of rental agreement, changing “the resident is a victim of violence” to “the resident was a victim of domestic violence during the conduct.”

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The Administrative Office of the Courts (AOC) anticipates a minimal administrative cost for statewide update, distribution, and documentation of statutory changes. Although HB462 has the potential to increase caseloads in the courts, AOC does not indicate a need for additional operating costs for the courts.

SIGNIFICANT ISSUES

Rent is late in New Mexico a day past its due, but some leases and rental agreements provide for a grace period. Currently, New Mexico’s renters have three days to pay late rent, or move out, before an owner can apply for eviction. HB462 would extend that period from three to 10 days. New Mexico’s current notice period is short compared with some other states, which may allow five, seven, 10, or more days, although some states require no notice. For violations of rental agreements other than late payment, current New Mexico statute requires a seven-day notice to comply period before eviction proceedings can begin.

Further, the Department of Housing and Urban Development (HUD) requires a 30-day notice period for an eviction based on nonpayment of rent at housing it funds or regulates.¹ Rental increases combined with lack of housing alternatives put households at risk of not being able to keep up with the rent and likely to face eviction. Households most at risk, according to HUD, include people of color, women, families with children, seniors, and victims of domestic violence.

In 2024, there were about 60 thousand extremely low-income renter households in New Mexico and a shortage of 41 thousand rental homes affordable and available for these households.² According to a recent article on New Mexico’s housing affordability crisis from the Pew Charitable Trusts, between 2017 and 2024:

- Homelessness increased 87 percent, 47 percent faster than the national average.
- Median rents increased 60 percent compared to 27 percent nationally.
- The average cost of a home increased 70 percent, far outpacing wage growth.

A 2023 LFC policy spotlight on homelessness supports and affordable housing found pre-pandemic court filings for eviction in New Mexico were relatively steady, averaging about 18 thousand eviction cases annually. Evictions decreased dramatically between 2020 and 2022 due to the large amount of federal rental assistance and court stays on evictions. According to the Eviction Lab, New Mexico has seen approximately 59 thousand eviction filings since March 2020, with about 14 thousand in the past year.³ The eviction process can take up to six weeks depending on the reason for eviction, court availability, and whether the tenant contests the eviction.

¹ <https://www.federalregister.gov/documents/2023/12/01/2023-26348/30-day-notification-requirement-prior-to-termination-of-lease-for-nonpayment-of-rent>

² https://nlihc.org/sites/default/files/SHP_NM.pdf

³ <https://evictionlab.org/eviction-tracking/new-mexico/#:~:text=57%2C896%20filings%20since%203/15.months%20Unavailable%20households%20threatened%20rate>

PERFORMANCE IMPLICATIONS

AOC notes HB462 may have an impact on the following performance measures:

- Cases disposed of as a percent of cases filed
- Percent change in case filings by case type

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 462 relates to Senate Bill 400, which allows for people who are victims of domestic violence or sexual assault to be released from rental agreements and be released from financial responsibility. It also relates to House Bill 6 introduced in 2023, which also extended the notice period for nonpayment of rent to 10 days with extensive additional protections and processes of appeal for renters.

This bill potentially conflicts with House Bill 418, which would require a landlord in a mobile home park to give a tenant 30 days to cure before taking action.

OTHER SUBSTANTIVE ISSUES

HB462 makes minor language changes to other subsections of the Uniform Owner-Resident Relations Act regarding breaches of agreement which may be cause for eviction. However, the significance of the change to the past tense regarding a victim of domestic violence or the addition of “during the conduct” is unclear: “it shall be a defense that the resident [is] was a victim of domestic violence during the conduct.”

NMAG notes the related House Bill 418 would require a landlord in a mobile home park to give a tenant 30 days to cure before taking action. This bill only requires a 10-day period. NMAG flags this as a potential conflict that ought to be clarified.

ALTERNATIVES

The Legislature could consider extending the notice period to 30 days, which aligns with the proposed period in House Bill 418 and federal guidelines. This amount of time makes it more likely that a renter, especially if on a monthly pay schedule, will be able to pay the back due rent, or be able to find alternative housing.

As the Governor’s Office on Housing notes:

New Mexico offers tenants a very short window to pay back due rent before facing eviction. For example, the time allowed in public housing or for tenants with place-based vouchers is 30 days. Extending the time that tenants are allowed to catch up on rent would facilitate coordination with rent relief providers or help tenants identify other financial supports.