

## House Bill 135: Measuring the Effect of New Jobs on Housing Demand Created by LEDA

### What does House Bill 135 do?

The legislation creates a requirement that companies seeking economic incentives from the state’s Local Economic Development Act must complete a multivariable study to analyze whether and how new jobs created through economic incentives provided by the state impact demand for housing.

### Creating new jobs is a good thing, but so is creating the housing to go with them

According to a recent analysis by Conti Capital, nationally, “the ratio of job growth to residential building permits has increased in recent years — higher ratio values indicating a higher number of jobs than permits, which create more demand-side imbalance.”<sup>1</sup> In New Mexico, Housing New Mexico found that there is a shortage of more than 32,000 affordable units in the state.<sup>2</sup>

### What is the Local Economic Development Act?

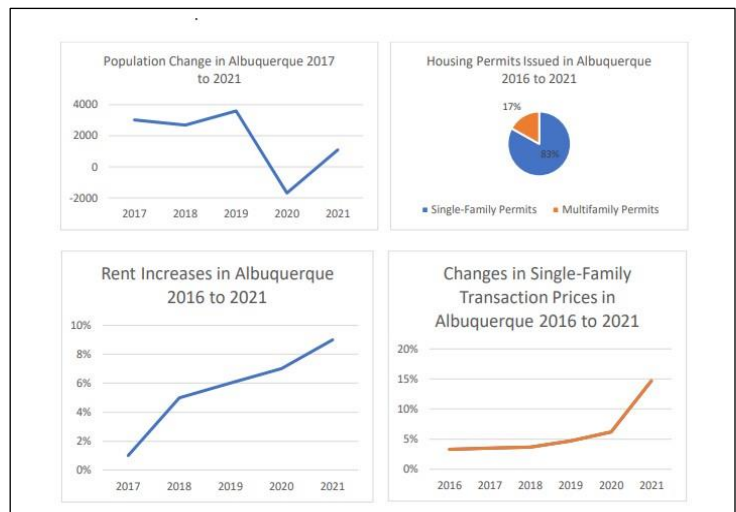
In 1994, New Mexico voters chose to amend the state’s constitutional anti-donation clause to allow local governments to “foster, promote and enhance local economic development efforts . . . [through] regional economic development projects.”<sup>3</sup> According to the New Mexico Economic Development Department (NMEDD), since 2002, 83 New Mexico communities have passed ordinances under the Local Economic Development Act (LEDA) which enacted the changes to the Constitution.

### What does the Local Economic Development Act allow government to do?

Under LEDA local governments can engage in various activities aimed at supporting business expansion and infrastructure development, including acquiring or improving land and buildings, funding public works improvements, providing loans or grants, and constructing facilities for qualifying businesses.

### Why is conducting a study important?

When a LEDA partnership with Netflix and the City of Albuquerque passed, population increased and so did single-family house prices and rents.<sup>4</sup> Did the new Netflix jobs cause higher prices and rents? Hard to tell without a good economic analysis. This bill will help local jurisdictions answer this question, reduce regulatory barriers to new housing, and plan for growth to ensure prices don’t rise dramatically when new jobs arrive.



### Is House Bill 135 a deal breaker?

Hardly. These studies are common, comparatively inexpensive, and make a great selling point that New Mexico cares about housing affordability for workers in the state.

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<sup>1</sup> “*New Housing Supply Is Not Keeping Up with Job Openings in Major Markets*,” Conti Capital, November 2024

<sup>2</sup> “*Housing New Mexico 2022 Annual Report Highlights Impact of Collaboration in Addressing Housing Crisis*,” Mortgage Finance Authority, February 2023

<sup>3</sup> [NMSA 1978, § 5-10-2B](#)

<sup>4</sup> [Public Benefits, Housing, and the Local Economic Development Act](#), Center for Housing Economics, Revised 2025