

Substitute House Bill 77: A Tax Credit for Housing on Abandoned and Vacant Properties

This legislation would create a tax credit for organizations that develop abandoned or vacant property in New Mexico, and include affordable housing for households earning up to 80% of Area Median Income (AMI) under the Affordable Housing Act. At least 80% of the units created must be affordable at that income level. The amount of the credit would depend on the length of time a property has been abandoned or vacant. The total amount of credits that may be certified in a calendar year is \$100,000,000 with at least \$50,000,000 set aside for rural areas.

Endorsed by the
New Mexico
Housing Alliance
and the Sierra Club

There are thousands of vacant and abandoned properties in New Mexico

You probably can think of one in your community or neighborhood, an abandoned property with a broken-down building that won't sell and hasn't been rehabilitated or improved. There are thousands of them in New Mexico. In Albuquerque alone, a study has found thousands and in Espanola the City is struggling to deal with dozens of abandoned homes. This tax credit can be a critical tool to activate those properties with new businesses and housing.

How much is available in credits?

For properties and/or buildings that have been abandoned between 2-5 years, the credit available is 30% of the total rehabilitation costs, up to \$2,000,000.00. For properties that have been abandoned five or more years, the credit available is 40% of the total rehabilitation costs, up to \$4,000,000.00. The total aggregate amount for the state is \$100,000,000.

Why affordable housing?

Low inventory of homes is at a peak here in New Mexico. The need is deep and wide, and hard to combat, given that the cost of rent has also increased by 35-40% in metropolitan areas like Albuquerque alone since 2020. Activation of un-utilized properties with tax credit incentives is a great way to develop more affordable homes in New Mexico.

House Bill 77 can help clean up abandoned and contaminated properties

Due to the nature of their previous use, whether it was previously a dry cleaner's or a gas station, many properties are contaminated. Clean up can be too expensive for developers to consider purchasing the property, causing it to sit and fall into disrepair, leading to vandalism and blight. House bill 77 pairs well with the New Mexico Environmental Department's Voluntary Remediation Program (VRP), a program that provides support for clean-up of contaminated sites. Costs of clean up are eligible for the tax credit.

Rural and Urban

This legislation provides a fair balance for the credit, setting aside 50% of the credits for use in rural communities which are often especially hard-hit by abandoned and vacant properties.

Guardrails

The substitute clarifies that affordability is guaranteed through the Affordable Housing Act.