



Tax Credit for Abandoned and Vacant Properties

The Problem: Throughout New Mexico, there are thousands of vacant and abandoned properties, both commercial and residential. These empty lots and abandoned buildings become vectors for crime and blight within the community.

Background: In the 2026 legislative session, Senator Nava and Representative Dow proposed House Bill 77, a tax credit toward the cost of rehabilitating abandoned and vacant properties in New Mexico. The bill required that 80 percent of housing units must be affordable to households earning 80 percent of Area Median Income (AMI). The legislation included a set aside of half the credits for rural areas.

The Solution: Create an incentive that offsets the costs of building housing on these sites so that projects that otherwise would not have happened will become feasible.

Legislative Proposal: We propose amending Chapter 7, Article 9I NMSA 1978, the "Affordable Housing Tax Credit Act" to add provisions from House Bill 77, including adding parking lots, to properties eligible for the credit and increase the base rate for the total credit available from \$1.85 per capita to \$2.50.

Potential Partners: The support that we had for this bill spanned from the Albuquerque Chamber of Commerce, the NM Association of Counties, the NM Association of Realtors, NM Eviction Prevention and Diversion, neighborhood associations, and even the Questa Economic Development Fund. We expect that with the adjustment of the credits to a more reasonable amount, and with the addition of parking lots, this bill will receive even more enthusiasm in 2027.

Potential Opposition: There was not any meaningful opposition to House Bill 77. Concerns about guardrails raised by staff and legislators were addressed by requiring that applicants for the credit by qualifying grantees under the Affordable Housing Act (AHA).

How will we pay for it? The 2025 [Tax Expenditure Report](#) indicated that use of the New Mexico Affordable Housing Income Tax Credit had ranged from about \$450,000 to \$1,523,000 per year. Our proposed amendment would modestly expand the ceiling for the credit from \$5.7 million to about \$7.7 million.