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Policy Note –Zero Interest Home Builder Program

- Zero Interest Homebuilder Program (“ZIHP”):
 - The program does not actually appear to be solely for Las Cruces, but rather it is a state-wide program that localities are eligible to participate in if they wish.
 - The program is for single-family homes.
 - There are specific regulations and restrictions for the program:
 - Eligible applicants for the program include:
 - “Eligible applicants include nonprofit organizations, for-profit organizations, governmental housing agencies, regional housing authorities, governmental entities, governmental instrumentalities, tribal governments, tribal housing agencies, builders, single-family developers, corporations, limited liability companies, partnerships, joint ventures, syndicates, associations or other entities that can assume contractual liability and legal responsibility by executing one or more written agreements entered into with Housing New Mexico.”
 - The ZIHP is eligible only for specific types of projects:
 - Floor plans between 950 – 1500 square feet.
 - Between 2-3 bedrooms and 1-2 bathrooms.
 - Amenities/materials must be in line with “cost effective construction”.
 - There are universal single family home design standards put forth by Housing NM that that all projects must adhere to. These include:
 - ADA compliant accessibility standards.
 - Sustainable energy and water usage.
 - Adherence to local building code compliance requirements.
 - Build design standards for landscaping, storage space, and outdoor space availability.¹
 - Eligibility for home buyers:

¹ “MFA 2022 Mandatory Design Standards for Development of Single- Family Housing for Homeownership,” 2022.

- Eligibility is granted for home buyers who earn up to 150% of the Area Medium Income (“AMI”), a metric that is designated by HUD for localities.
- That metric of course differs between Santa Fe and Las Cruces. Santa Fe’s AMI as of 2024 for various household sizes is as follows:

HUD Area Median Income (AMI) effective May 1, 2024

Santa Fe MSA	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
30%AMI	19,250	22,000	25,820	31,200	36,580	41,960	47,340	52,720
50%AMI	32,050	36,600	41,200	45,750	49,450	53,100	56,750	60,400
65%AMI	41,650	47,600	53,550	59,500	64,300	69,050	73,800	78,500
80%AMI	51,250	58,600	65,900	73,200	79,100	84,950	90,800	96,650
100%AMI	64,050	73,250	82,400	91,500	98,900	106,200	113,500	120,800
120%AMI	76,850	87,900	98,900	109,800	118,700	127,450	136,200	144,950

- There is a maximum sales price of \$250,000 to \$325,000 for each home.
 - Exceptions may be considered for high-cost counties, including Santa Fe county.
- The ZIHP is administered through New Mexico’s state-wide housing trust fund.
- Applicants who wish to participate in the program must submit applications no later than 60 days prior to regularly scheduled Housing NM board of director meetings.²
- Funding maximums that can come out of the New Mexico Housing Trust Fund:
 - A maximum of \$3,000,000 both for infrastructure development loans (up to five years) and a construction revolving line of credit (up to three years).
- Efficacy of the program:
 - After discussions with Housing NM’s program manager Joshua Howe, here are some key takeaways:
 - ZIHP was created in January of this year and was not actively marketed until sometime later. Because of this, there are no units to report as having been created from the program as of yet.

² “Housing New Mexico Launches Zero Interest Homebuilder Program to Help Address Affordable Housing Shortage in the State | Housing New Mexico | MFA,” Housingnm.org, January 29, 2025, <https://housingnm.org/about-us/news/housing-new-mexico-launches-zero-interest-homebuilder-program-to-help-address-affordable-housing-shortage-in-the-state>.

- The first complete application goes to the board of directors for approval on June 18th, 2025. This will be an important process to track.
 - That property is located in Torrance County, New Mexico, specifically Moriarty.
 - Because this is a statewide program, it is highly unlikely that anything within this program would interfere with or violate state anti-donation regulations.
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