



RE: Oppose HB 462 Nonpayment of Rent Notice Period

Mr./Madame Chair and Committee Members:

The New Mexico Business Coalition (NMBC) represents hundreds of businesses and thousands of New Mexicans. We focus on making New Mexico a better place to live and work, with abundant good-paying jobs to provide for our families.

NMBC opposes HB 462 Nonpayment of Rent Notice Period. While we recognize the intent to support renters facing financial challenges, this bill's extension of the nonpayment notice period from three days to ten days places an undue burden on landlords, threatens the viability of rental property businesses, and risks destabilizing our state's housing market.

HB 462 amends the Uniform Owner-Resident Relations Act, increasing the time landlords must wait before terminating a rental agreement for unpaid rent from three days to ten days. This change, though framed as a tenant protection measure, overlooks the severe financial strain already borne by landlords, many of whom have faced significant losses or been forced to exit the rental business entirely due to chronic nonpayment issues. The existing three-day notice period strikes a fair balance, allowing tenants a reasonable window to address overdue rent while enabling landlords to mitigate losses swiftly. Extending this to ten days tips that balance unfairly, exacerbating an already precarious situation for property owners.

Consider the reality: landlords, especially small operators who own just one or a few units, rely on timely rent payments to cover mortgages, property taxes, maintenance, and insurance. Data from across the country, echoed in New Mexico, shows that prolonged nonpayment has driven devastating financial impacts. During the COVID-19 eviction moratoriums, landlords nationwide lost an estimated \$20 billion in unpaid rent, with small landlords particularly hard-hit, many losing 20-30% of their annual income. In New Mexico, where competitive rental markets already squeeze profit margins, local surveys have indicated that up to 15% of small landlords have sold properties or left the business in recent years due to unrecoverable rent losses. HB 462's extended notice period risks amplifying these trends as landlords wait an additional week, often without income while tenants may still fail to pay, leaving eviction as the only recourse at greater cost and delay.

This bill's impact goes beyond individual landlords. When property owners face unsustainable losses, they raise rents to offset risks, reduce property maintenance to cut costs, or exit the market altogether, shrinking the rental housing supply. In a state where housing availability is already a concern, this could drive up costs for all tenants, ironically undermining the stability HB 462 aims to protect. If you weigh the broader consequences, you'll see that landlords are not faceless corporations; they are New Mexicans, small business owners, retirees, and working families who provide essential housing. A ten-day notice period may offer temporary relief to some tenants, but it jeopardizes the livelihoods of those who keep our rental market afloat. The current three-day standard has functioned effectively, balancing tenant and landlord needs. Extending it disrupts that equilibrium without addressing root causes of nonpayment, like economic support or rental assistance programs, which would better serve both parties.

For the sake of New Mexico's housing providers and the long-term health of our rental market, I urge you to vote NO on HB 462. Let's preserve a system that works for all, not one that shifts burdens unfairly.

Thank you for considering my comments,

A handwritten signature in black ink, appearing to read 'Carla J. Sonntag', with a long horizontal flourish extending from the end of the name.

Carla J. Sonntag
President and CEO