

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (www.nmlegis.gov). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 01/23/13

SPONSOR Papen LAST UPDATED _____ HB _____

SHORT TITLE Regional Housing Authorities SB 61

ANALYST Boerner

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$250.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SB 61 conflicts with SB 62 which transfers oversight of the regional housing authorities to the Department of Finance and Administration.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)
New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

This bill appropriates \$250 thousand from the general fund to the DFA in FY14 and FY15 to fund the oversight of the regional housing authorities by the MFA. Any unexpended or unencumbered balance remaining at the end of FY15 shall revert to the general fund.

FISCAL IMPLICATIONS

This bill proposes an appropriation from the general fund. No significant fiscal impacts were noted.

SIGNIFICANT ISSUES

The MFA notes that as part of the Regional Housing Authority reform process and the MFA was designated as an oversight agency. The state also appropriated funds to pay for oversight expenses for one year; however, another appropriation is needed to pay for oversight expenses. Expenses include capacity building, technical assistance, and oversight, which services exceed the available funding. The MFA requests the appropriation of \$250 thousand contained in this bill be amended to become a continuing appropriation from the general fund.

The MFA proposes amending the Regional Housing Law so that all oversight responsibilities are transferred to the DFA which receives its annual operating budget via the state appropriation process.

PERFORMANCE IMPLICATIONS

The MFA states that it will be unable to carry out administrative activities until it receives appropriated funds.

ADMINISTRATIVE IMPLICATIONS

If this bill succeeds, the MFA would enter into a joint powers agreement with DFA for expenditure of this funding.

OTHER SUBSTANTIVE ISSUES

The MFA notes that if SB62 (transfers oversight of the regional housing authorities to the DFA) is not enacted, the intent of the original revision of the Regional Housing Authority Law as set out in SB519 (2007) and SB-20 (2009) would not be accomplished. If no action is taken during this legislative session to address funding for oversight activities or in the alternative (SB62), the local communities in rural New Mexico will continue to be underserved and will lack adequate housing services and programs.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The MFA also notes that New Mexico lost \$5 million before enactment of the Regional Housing Authority reforms and paid for studies which indicated strong oversight, technical assistance and capacity building were needed. The Community Strategies Institute study entitled “New Mexico Regional Affordable Housing Opportunities” states:

“A more workable arrangement for surviving Regional Housing Authorities would be to have one agency perform oversight functions for them. MFA is the logical candidate because it has both program expertise and compliance monitoring capabilities for affordable housing in the state. NMMFA would be in a much better position to deal both with compliance and governance issues as well as the planning requirements. That approach would make a seamless oversight relationship with the Regional Housing Authorities.”

MFA will be unable to carry out administrative oversight duties appropriately until it receives appropriated funds from the state, or, in the alternative as proposed in SB62, those oversight duties are transferred to DFA. There will be a lack of oversight, capacity building and technical assistance, which will affect economic development opportunities related to affordable housing in rural areas and jeopardize the State’s investment in the Regional Housing Authorities.

AMENDMENTS

The MFA requests that this bill be amended to become a recurring expense to the general fund.

CEB/svb