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FISCAL IMPACT REPORT

SPONSOR Lopez/Roybal Caballero **LAST UPDATED** _____
ORIGINAL DATE 1/26/23
BILL
SHORT TITLE Repeal of Rent Control Prohibitions **NUMBER** Senate Bill 99
ANALYST Torres, J

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact			

Sources of Information

LFC Files

Responses Received From
Mortgage Finance Authority (MFA)

No Response Received
New Mexico Municipal League
New Mexico Counties
Middle Rio Grande Council of Governments

SUMMARY

Synopsis of Senate Bill 99

Senate Bill 99 repeals the current prohibitions placed upon counties and municipalities in Section 478A-1 NMSA 1978 regarding rent control legislation.

This bill does not contain an effective date and will therefore go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

The bill carries no appropriation and MFA reports no fiscal impact to their agency.

SIGNIFICANT ISSUES

MFA reports that a significant change in local rent control legislation will likely result from this repeal.

The LFC January 13, 2023 Staff Memorandum entitled *Status Update on LFC Research of Housing and Homelessness Supports* reports on the shortage of New Mexico affordable housing which:

Illustrates a need for some additional long term solutions, including permanent supportive housing and related support services. Additionally, there is a need for increased transparency and outcomes regarding existing investments in housing support programs.

New Mexico is among the 37 states that prohibit or preempt rent control. However, privately owned property under contract for funding or benefits from federal, state or local governments may exercise rent control.

The Memorandum also explains:

Oregon's SB608 (2019), the first statewide rent control law, limits annual rent increases to inflation plus 7 percent, includes vacancy decontrol (market rate between tenancies), exempts new construction for 15 years, and maintains state-level preemption of local rent control policies. Utah's SB34 (2019) incentivizes affordable housing development by tying state transportation funding to strategies aimed at affordable housing.... The Albuquerque City Council recently voted against (7-2) a resolution that would have asked state legislators to allow for rent control. As the law stands, an owner may increase rent in a month-to-month agreement by any amount with 30-day notice (Section 47-8-15F NMSA 1978).

OTHER SUBSTANTIVE ISSUES

MFA states:

Counties and municipalities are currently prohibited from enacting any rules or ordinances that would control the amount of rent that can be charged for privately owned real property. SB99 does not enact any rent control legislation, it merely repeals the current prohibition, providing counties and municipalities the ability to enact rules at the county or municipal level. This could create a patchwork of rules and ordinances across the state. A leading solution to maintaining affordable rents is the development and preservation of affordable housing which are structured to keep rents affordable.

This issue is also being recognized at a national level. On January 26, 2023, the Santa Fe New Mexican reported *White House Unveils New Tenant Protections as Rents Soar*.

<https://enewmexican.pressreader.com/article/281599539631011>

ALTERNATIVES

MFA recommends developing and preserving affordable housing in order to maintain affordable rents.

JT/al/ne/rl