

LFC Requester:	Emily Hilla
-----------------------	--------------------

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 2/12/25 *Check all that apply:*
Bill Number: SB312 Original Correction
 Amendment Substitute

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0	\$0		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0	\$0	\$0		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 312 (the Bill), proposes amendments to Sections 3-19-8, 3-21-4, and 3-21-8 of the New Mexico Statutes Annotated (NMSA) 1978 to reflect these changes to restrict the right to appeal decisions made by zoning and planning authorities. Specifically, the bill limits the ability to appeal to individuals who either own the subject property, or own property directly adjacent to the property that is the subject of the zoning decision.

FISCAL IMPLICATIONS

If passed this would likely reduce the number of land use appeal lawsuits and demand on court operational resources.

SIGNIFICANT ISSUES

The low cost of filing a legal appeal and no limits on who can file an appeal means that this practice is relatively common for new developments opposed by an individuals and neighborhood groups. The majority of these lawsuits do not prevail in court and typically result in costly delays of badly needed new housing.

Zoning appeal lawsuits create two significant issues for housing. First lawsuits increase the cost of housing development by increasing direct legal costs for a project and second by slowing the length of time it takes to begin construction. The overhead and holding costs on a large housing development project can be considerable. Santa Fe County's Affordable Housing Plan identified that the cost of a multi-year delay in approval, which is common for Santa Fe County approval processes, to be as much as \$80,000 per unit. In supply constrained housing environments like New Mexico's, all additional costs are passed on to the consumer, severely impacting affordability.

The possible threat of lawsuits also has a chilling effect on potential new development, with homebuilders avoiding projects in areas with known adversarial neighborhood groups and/or prominent anti-housing actors.

Ultimately, a reduction in standing would reduce the number of land use lawsuits and the direct costs related to delays in construction.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

This Bill uses an approach that uses limited standing as a way of controlling excessive lawsuits. As an example, Colorado HB 24-1107 utilizes an alternative approach that makes appellants liable for reasonable attorney's fees for local bodies who prevail in appeals cases. This creates a financial disincentive for filing cases without legal basis, which doesn't limit standing.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Despite needing between 30-40,000 new housing units to meet current housing demand, permit

issuance is in decline over the last two years. Not enacting this bill will maintain the status quo.

AMENDMENTS