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FISCAL IMPACT REPORT

SPONSOR <u>O'Malley/Stewart</u>	LAST UPDATED _____
	ORIGINAL DATE <u>2/28/2025</u>
SHORT TITLE <u>Affordable Housing Organization Support</u>	BILL NUMBER <u>Senate Bill 422</u>
	ANALYST <u>Leger</u>

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$5,000.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 448 and Senate Bills 190 and 205

Sources of Information

LFC Files

Agency Analysis Received From

New Mexico Mortgage Finance Authority (MFA)
Department of Finance and Administration – Office of Housing
State Ethics Commission

SUMMARY

Synopsis of Senate Bill 422

Senate Bill 422 (SB422) appropriates \$5 million from the general fund to the Department of Finance and Administration (DFA) for the New Mexico Mortgage Finance Authority (MFA) to provide operational funding and technical assistance grants to nonprofit organizations that provide affordable housing, homeless services, or transitional housing in fiscal years 2026 through 2030.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The appropriation of \$5 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY30 shall revert to the general fund.

MFA reports there are approximately \$19.2 million in federal and state funds available for more

than 30 non-profit service providers for homeless shelter activities and operations.

SIGNIFICANT ISSUES

According to MFA, the need for operational funding far exceeds available resources. Funding for affordable housing non-profit organizations, particularly those providing homelessness and homelessness prevention services, is limited. The appropriation would strengthen the non-profit service providers that provide direct services to some of the states most vulnerable residents.

The Office of Housing reports that non-profit general operating support is a critical issue in recent years; potential cuts at the federal level to housing related programs could exacerbate this issue.

ADMINISTRATIVE IMPLICATIONS

MFA serves as the state's primary administrator for affordable housing funding and has the capacity to impactfully deploy funds to non-profit service providers.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to Senate Bill 190 creates the Homelessness Reduction Division at the Health Care Authority to reduce homelessness and unnecessary institutionalization in the state and create a "homeless data integration system" to collect local data through homeless management information systems.

Relates to duplicate bills Senate Bill 205 and House Bill 488, which create the Office of Housing Planning and Production, administratively attached to DFA. The purpose of the office is to reduce housing costs, increase statewide housing availability, maximize resources to address statewide housing need, address underlying factors that impact housing costs, grow local programs and capacity to address needs and further fair housing, identify state resources for housing, and track housing progress through goal setting and data.

The Office of Housing reports SB422 is somewhat duplicative of what is contemplated at the core role of the Office of Housing Planning and Production, which aims to provide state support to non-profits and local government initiatives to start new or grow existing housing programs. The office is operating under executive authority and has housing and homeless expertise on staff.

OTHER SUBSTANTIVE ISSUES

According to the State Ethics Commission, while Article IX, Section 14 of the New Mexico Constitution (the "Anti-Donation Clause") generally prohibits a public entity from providing funds to a private person or organization, this appropriation does not create an impermissible "donation" under that constitutional provision. In 2004, the Legislature enacted the Affordable Housing Act, which grants the MFA specific powers and duties related to providing affordable housing. Because this expenditure would fall under that exception, it would not be prohibited by the Anti-Donation Clause.