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FISCAL IMPACT REPORT

SPONSOR Cates/Romero, A./Roybal Caballero LAST UPDATED _____
ORIGINAL DATE 1/24/2024
BILL _____
SHORT TITLE Housing Discrimination Based On Income NUMBER House Bill 25
ANALYST Fischer/Garcia

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact			

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files, including LFC Policy Spotlight: Homelessness Supports and Affordable Housing, May 23, 2023

Agency Analysis Received From

Administrative Office of the Courts (AOC)

New Mexico Mortgage Finance Authority (NMFA)

Health Care Authority (HCA)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of House Bill 25

House Bill 25 (HB25) adds a new definition to the New Mexico Human Rights Act making it unlawful for anyone to discriminate against home buyers or renters based on their source of income and defines sources of income. This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

House Bill 25 does not contain an appropriation and responding agencies did not indicate additional operating expenses if House Bill 25 is enacted.

SIGNIFICANT ISSUES

Adding a source of income protection to the Human Rights Act would prohibit landlords or home sellers from discriminating against potential renters or buyers based on the source of

money that the renter or buyer would use to rent or buy the home or housing unit. The added definition in HB25 further clarifies that the source of money could include income from a job, but also income from Social Security, government housing assistance, or any other “recurring, lawful and verifiable” source. At least 19 other states—including Oklahoma, Utah, Oregon, Colorado, and many New England states—have laws prohibiting discrimination by property owners against voucher holders.

A 2023 Policy Spotlight by the LFC’s Program Evaluation Unit noted an 18 percent underutilization of federal housing choice vouchers available to low-income renters statewide. The Spotlight reported that one reason for voucher underutilization could be a lack of landlords willing to accept the vouchers. The New Mexico Mortgage Finance Authority also cited such reasoning, pointing to a similar finding in a 2018 U.S. Housing and Urban Development Office of Policy Development and Research report, “*A Pilot Study of Landlord Acceptance of Housing Choice Vouchers.*” The new definition in HB25 would make it unlawful for landlords to discriminate against potential renters because they were voucher-users.

The Health Care Authority and its Behavioral Health Services Division (BHSD) noted that source of income protections would disallow landlords to not accept BHSD’s housing vouchers for the Linkages program, thus expanding the number of available units for consumers.

Albuquerque, Dona Ana County, and Bernalillo County have already passed “source of income” protection ordinances in 2022, which bar property owners from discriminating against potential tenants with vouchers. The LFC Spotlight also recommended that “if these ordinances prove to be enforceable and improve voucher utilization in those areas, the state may want to consider a statewide source-of-income protection law.”

ADMINISTRATIVE IMPLICATIONS

The New Mexico Mortgage Finance Authority noted that critics of source of income protections argue the rules impose burdensome program requirements on landlords and can cause delayed rent payments. The Administrative Office of the Courts also reported that including source of income discrimination in the Human Rights Act may increase litigation and the number of appeals from Human Rights Commission proceedings in district courts.

The Department of Finance and Administration (DFA) noted HCA manages supportive housing programs for individuals with disabilities who are experiencing or in danger of homelessness, and HCA provides regular training about housing rights and obligations for housing support service providers. Changes to housing policy would need to be incorporated into these trainings, and contracts and service agreements would need to be modified. DFA reports no IT impact associated with implementation of this bill.