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FISCAL IMPACT REPORT

SPONSOR	<u>Cates</u>	LAST UPDATED	<u>1/24/25</u>
	Housing Income to Rent Screening	ORIGINAL DATE	<u>1/24/25</u>
SHORT TITLE	<u>Calculations</u>	BILL	
		NUMBER	<u>House Bill 43</u>
		ANALYST	<u>Hilla</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMFA	No fiscal impact	No fiscal impact	No fiscal impact	\$0	Recurring	General Fund
Total	No fiscal impact	No fiscal impact	No fiscal impact	\$0	Recurring	General Fund

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

Sources of Information

Agency Analysis Received From
 New Mexico Finance Authority (NMFA)
 Aging and Long-Term Services Department (ALTSD)
 Office of Housing (HOU)
 New Mexico Attorney General (AG)

SUMMARY

Synopsis of House Bill 43

House Bill 43 (HB43) adds a new section to the Uniform Owner-Resident Relations Act (47-8-1 through 47-8-51 NMSA 1978) defining rental dwelling unit applicant income screening. The bill defines income screening as “an evaluation that calculates, examines, and validates an applicant's income and ability to reliably make payments of rent to the owner.” HB43 requires an owner or owner’s agent to subtract federal, state, local, or tribal housing assistance from the total amount of rent payment before calculating a ratio of income to rent for an income screening. The bill also requires income screening to include as a source of income money derived from lawful possession, occupation or job, pension, annuity, alimony, child support, or any other recurring, lawful, and verifiable monetary consideration, provided the applicant can provide documentation of the income.

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

HB43 does not appropriate state funds, generate revenue for the state, or impact the state government operating budget.

SIGNIFICANT ISSUES

The Aging and Long-Term Services Department (ALTSD) states that older adults and adults with disabilities face barriers to securing affordable housing. According to ALTSD, 33.8 percent of New Mexican households house one or more persons 65 years of age or older, with the national average being 11.5 percent. Of New Mexico senior households, 41.8 percent earn less than \$40 thousand annually. The department adds, “recent data indicates a deficit of approximately 41,090 rental homes affordable and available for extremely low-income renters. Further, rising rents are outpacing wage growth and are putting low-income renters at greater risk, as shown by a 14.5 percent increase in median rent from 2018 to 2022.”

The New Mexico Finance Authority states “the income to rent ratio for a prospective tenant earning \$1,500 a month seeking to rent a unit with a monthly rent of \$1,500 is 1 to 1 ($\$1,500 / \$1,500$), even if the prospective tenant has a housing voucher that provides a \$1,000 monthly rent subsidy. Were the bill to be passed, the ratio would be 3 to 1 ($\$1,500 / (\$1,500 - \$1,000)$).”

Both agencies state that HB43 would allow access to housing for voucher holders and low-income individuals and families. ALTSD says the bill could reduce reliance on emergency housing and shelter services funded by public and non-profit programs.

The bill could lead to one-time costs for rental owners implementing systems to calculate the new income screening formula.

ADMINISTRATIVE IMPLICATIONS

ALTSD states HB43 would improve the ability of its Adult Protective Services Program to further advocate for clients facing housing insecurity or homelessness.

OTHER SUBSTANTIVE ISSUES

The New Mexico Attorney General states:

[HB34] could be confusing to interpret/apply due to the ambiguity of the words “calculation of the remaining ratio of income to rent-payment-due” and the characterization of housing assistance as “income” in Subsection B (1), read together with the listed sources of income in B (2). It is not clear whether the applicant’s total income used in the calculation must include the housing assistance (presumably not, since it is being subtracted from the rent), or what type of calculation is permissible.

The Office of Housing states that HB43 creates a “statewide source of income protection,” which would prevent discrimination.