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FISCAL IMPACT REPORT

SPONSOR <u>Sedillo Lopez/López</u> SHORT TITLE <u>Housing Study for Some Development Projects</u>	LAST UPDATED _____ ORIGINAL DATE <u>02/24/25</u> BILL NUMBER <u>Senate Bill 293</u> ANALYST <u>Graeser</u>
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ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
DFA/BOF		Indeterminate but minimal	Indeterminate but minimal		Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect the most recent analysis of this legislation.

Relates to Senate Bills 481 and 482

Sources of Information

LFC Files

Agency Analysis Received From

New Mexico Mortgage Finance Authority (MFA)

Agency Analysis was Solicited but Not Received From

Taxation and Revenue Department (TRD)

Department of Finance and Administration (DFA)

New Mexico Finance Authority (NMFA)

SUMMARY

Synopsis of Senate Bill 293

Senate Bill 293 (SB293) amends the Tax Increment for Development Act (5-15-1 through 5-15-29 NMSA 1978) to add a requirement that the developer of a tax increment development district (TIDD) provide a housing study prior to approval by either the state or local sponsoring government. SB293 defines “housing study” as a multivariable analysis of the housing demand created by new employment, including new full-time economic base jobs, expected to occur as a result of implementation of a tax increment development project.

The bill changes the study element from “workforce housing” to “affordable housing” and defines “affordable housing” as decent, safe, and sanitary dwellings, apartments, single-family dwellings or other living accommodations that are affordable for households earning less than 80 percent of the area median income within the county and that the monthly housing costs of the unit does not exceed 33 percent of the household’s gross monthly income.

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

FISCAL IMPLICATIONS

There are no direct fiscal implications of the bill. The required housing study will add somewhat to the costs of preparing a TIDD application and add minimally to the cost of reviewing the application prior to approval by either the sponsoring local government or the Board of Finance. The provisions of the bill do not require the developer to provide affordable housing.

SIGNIFICANT ISSUES

The requirement for a TIDD developer to conduct a housing study and for that housing study to include demand for affordable housing is not directly tied to a promise on the part of the developer to provide a certain amount of affordable housing or the previous workforce housing.

Each of the approved TIDDs requesting state gross receipts tax participation (Mesa Del Sol, Las Cruces Downtown, Winrock Center, Taos Ski Valley, and South Campus) have dealt inadequately with the required element in the act of creating plans for workforce housing.

The New Mexico Mortgage Finance Authority (MFA) points out the following benefits of a housing study:

1. This bill may lead to more community-driven developments as housing studies may depict the local economy and align with the community goals.
2. This bill may reduce housing shortages as the housing studies may provide a more detailed understanding of the housing needs and local economy.

PERFORMANCE IMPLICATIONS

SB293 does not expand a tax expenditure.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to Senate Bill 481 and SB482

LG/hj/SL2