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## FISCAL IMPACT REPORT

SPONSOR     Ruiz                        DATE TYPED   02/08/04      HB   287  

SHORT TITLE     Amend Regional Housing Law                        SB                     

ANALYST     Kehoe    

### APPROPRIATION

| Appropriation Contained |      | Estimated Additional Impact |      | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|------|----------------------|---------------|
| FY04                    | FY05 | FY04                        | FY05 |                      |               |
| NFI                     |      |                             |      |                      | NFI           |
|                         |      |                             |      |                      |               |

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

New Mexico Mortgage Finance Authority (MFA)

### SUMMARY

#### Synopsis of Bill

House Bill 287 amends the Regional Housing Law to change the definition of a “low-income person”; allow bonds to be sold at negotiated sales; changes publication requirements; and makes technical changes.

#### Significant Issues

House Bill 287 defines a “low-income person” as an individual, couple or family who lacks the amount of income that is necessary, as determined by rule of the Authority, to enable that individual, couple or family, without financial assistance, to live in a decent, safe and sanitary dwelling without overcrowding; or a low-income person as defined by the federal government.” Current law defines a low-income person as any individual, couple or family whose gross income does not exceed eighty percent of the resident’s particular county median income and who cannot afford to pay more than thirty percent of his gross income for housing rent or mortgage payments.

The bill authorizes the sale of bonds at no less than par at negotiated or public sale. Currently, bonds may be sold at public sale only, at no less than par. The proposed change to allow for negotiated sales for the sale of bonds would give the regional housing authorities an opportunity to secure better rates. The bill eliminates advertising the sale of bonds in a financial newspaper published in the City of New York, New York for public sales.

The technical changes proposed in House Bill 421 are grammatical and do not change the meaning of the law.

### **FISCAL IMPLICATIONS**

Fiscal implications resulting from House Bill 287 to sell bonds at no less than par at negotiated or public sale would have to be determined over a period of time because markets and interest rates are very fluid through time.

### **OTHER SUBSTANTIVE ISSUES**

According to MFA, the current definition for “low-income person” complies with the definition accepted by Housing and Urban Development (HUD) for eligibility of HUD funded programs, including Section 8 and other rental assistance and housing development programs in which regional housing authorities participate. State funds provided to regional housing authorities are usually subjected to the same HUD definitions, since the state funds are used to match or leverage HUD funds.

Therefore, the proposed changes in this bill may have no affect on most programs available to regional housing authorities and may have a minor impact in the number of additional persons that may be eligible for programs provided by the regional housing authorities.

**LMK/dm**