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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/24/13

SPONSOR Ortiz y Pino LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Affordable Housing Oversight Duties SB 67

ANALYST Boerner

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$100.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB 74 which amends the Affordable Housing Act by providing terms for the timely sale of foreclosed affordable housing projects without retaining the long-term affordability restrictions.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Mortgage Finance Authority (MFA)  
Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of Bill

This bill appropriates \$100 thousand from the general fund to the DFA for expenditure by the MFA for the purpose of funding oversight of the Affordable Housing Act.

### FISCAL IMPLICATION

The appropriation of \$100 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY15 shall revert to the general fund.

### SIGNIFICANT ISSUES

The DFA states the Affordable Housing Act and rules designate the MFA as the entity responsible for ensuring its compliance statewide. The MFA offers assistance to local

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governments in preparing affordable housing plans and ordinances that meet the stipulations of the rules. This assistance is offered in the form of funds for housing plans and of technical assistance for government officials, planners, and consultants in preparing plans and ordinances that comply with the rules.

According to the DFA, MFA has a planner on staff responsible for working with local governments and with consultants (who complete the plan). The MFA has been seeking funds from the legislature for assistance with oversight.

The MFA provided the following background and analysis:

The Affordable Housing Act was signed into law in 2004. The MFA was charged with the task of monitoring the rules and statutes of the Act. In addition to the oversight responsibility required by the Affordable Housing Act, the MFA also provides technical assistance to local governments as they create affordable housing plans for their communities as required by the Act.

Since 2004, the following local governments have submitted Affordable Housing Plans and Ordinances.

<b>Municipality</b>	<b>County</b>	<b>Ordinance</b>	<b>Plan</b>	<b>In Process</b>
Alamogordo, City of	Otero		yes	
Albuquerque, City of	Bernalillo	yes	yes	
Belen, City of	Valencia			X
Bernalillo, Town of	Sandoval			X
Carlsbad, City of	Eddy		yes	
Clovis, City of	Curry		yes	
Eunice, City of	Lea	yes	yes	*plan approved with Lea County
Farmington, City of and San Juan County	San Juan	yes	yes	
Gallup, City of	McKinley		yes	
Hobbs, City of	Lea	yes	yes	
Jal, City of	Lea	yes	yes	*plan approved with Lea County
Las Cruces, City of	Dona Ana	yes	yes	
Las Vegas, City of	San Miguel	yes	yes	
Lea County	Lea	yes	yes	
Los Alamos County	Los Alamos	yes	yes	
Mesilla, Town of	Dona Ana	yes	yes	
Portales, City of	Roosevelt			X
San Miguel County	San Miguel	yes		
Santa Fe, City of	Santa Fe	yes		
Santa Fe, County of	Santa Fe	yes	no	
Santa Rosa, Town of	Guadalupe		yes	
Silver City, Town of	Grant	yes	yes	
Taos, Town of	Taos	yes	yes	

\*As of January 2013

The MFA has received no funds to carry out its oversight responsibilities. Using past fiscal year data, the MFA estimates around 1,450 total staff hours were spent analyzing the plans with approximately \$75 thousand in costs for that time. In the current economic climate, the MFA can no longer afford to subsidize the administration of the Act.

### **OTHER SUBSTANTIVE ISSUES**

The DFA also provided the following background information: The Affordable Housing Act is the enabling legislation that exempts affordable housing from the anti-donation clause of the New Mexico state constitution. Under the “Act,” counties or municipalities wishing to donate, provide, or pay all, or a portion, of the costs of affordable housing (including land, acquisition, renovation, financing, or infrastructure) must have in place an affordable housing plan, or a housing component in their general plan, in addition to an affordable housing ordinance. Both the affordable housing plan and ordinance must comply with requirements set forth in Section 4 of the Affordable Housing Act Rules, issued under and pursuant to the Mortgage Finance Authority Act, NMSA 1978, § 58-18-1 et. Seq. (the “MFA Act”) and pursuant to the Affordable Housing Act, NMSA 1978, § 6-27-1 et. Seq. (the “Act”).

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

If this legislation is not enacted, MFA may not have the ability to provide sufficient oversight for the Affordable Housing Act.

CEB/svb