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FISCAL IMPACT REPORT

SPONSOR Chavez **ORIGINAL DATE** 02/07/14
LAST UPDATED _____ **HB** 231
SHORT TITLE Transfer Affordable Housing Oversight **SB** _____
ANALYST Sandoval

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to: HB 230 and SB 203

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

House Bill 231 amends the Affordable Housing Act Section 6-27-1, NMSA 1978 to transfer the oversight responsibilities of the New Mexico Mortgage Finance Authority (MFA) to the Department of Finance and Administration (DFA). MFA is currently the oversight agency for the Affordable Housing Act.

FISCAL IMPLICATIONS

According to MFA analysis, because MFA is an instrumentality of the state of New Mexico, it does not receive operating funds from the state to fund its oversight responsibilities under the Affordable Housing Act. In the current economic climate, MFA sustained a \$10 million loss of federal funding in FY2013. Consequently, MFA can no longer afford to subsidize the oversight of the Affordable Housing Act; and has requested a state appropriation to fund mandated oversight activities. In the event that the state legislature does not approve a recurring appropriation for Affordable Housing Act oversight under HB 230 and/or SB 203. HB 231 would assign oversight duties to DFA, a state agency that receives annual operating funds from

the state.

SIGNIFICANT ISSUES

MFA notes the Affordable Housing Act is an important tool for state and local governments to create and preserve affordable housing. The Act is enabling legislation for an affordable housing exception to the anti-donation clause of the New Mexico Constitution. The Act permits state and local governments to contribute public funds, buildings or other resources to create or preserve affordable housing. In exchange for these contributions, the Act imposes a long-term affordability requirement on publicly-subsidized properties.

PERFORMANCE IMPLICATIONS

MFA analysis states:

Pursuant to the Act, MFA has adopted and overseen rules for the Affordable Housing Act since the Act's inception. In addition to its oversight responsibility, MFA provides technical assistance to local governments as they create affordable housing plans and ordinances required by the Act. To date, MFA has assisted 19 local governments with affordable housing plans and ordinances. MFA assistance includes review and approval of plans, provision of affordable housing data, legal review of ordinances, and presentations to local government bodies. MFA also provides grant funding to assist local governments with the costs of plan development.

ADMINISTRATIVE IMPLICATIONS

See Performance Implications.

RELATIONSHIP

HB 230 and SB 203 are duplicate bills that request a recurring appropriation of \$200,000 from the general fund to fund oversight of the Affordable Housing Act by MFA. HB 231 proposes an alternative to these bills, should a recurring appropriation not be made for MFA oversight.

ALTERNATIVES

One alternative is adoption of HB 230 and/or SB 203, duplicate bills, that request a recurring appropriation of \$200,000 from the general fund to fund oversight of the Affordable Housing Act by MFA.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

MFA notes, failure to adopt HB 231 will place the oversight of the Affordable Housing Act at risk and may greatly diminish technical assistance and funding for affordable housing plans to local governments.

DDS/ds