FISCAL IMPACT REPORT

	ORIGINAL DATE	1/27/15		
SPONSOR Rue	**LAST UPDATED**	2/6/15	**HB**	
SHORT TITLE Affordable Housing Act Changes			**SB**	61/aSPAC/aSJC
			ANALYST	Graeser/Dorbecker

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY15	**FY16**	**FY17**	**FY18**	**FY19**		
NFI	NFI	NFI	NFI	NFI		

(Parenthesis ( ) indicate revenue decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of SJC Amendment

The Senate Judiciary Affairs Committee amendment to Senate Bill 61 replaces language to mandate the provisions for adequate security are against the loss of public funds or property in the event that a qualifying grantee defaults on a contractual obligation.

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment to Senate Bill 61 removes language to make the civil investigative demand by the attorney general a matter of public record without a court order.

Synopsis of Original Bill

Senate Bill 61 is largely a technical amendment to the Affordable Housing Act, Section 6-27-1 NMSA 1978: It proposes the following amendments:

1. Adding an exception to the Act's long-term affordability requirement in the event of foreclosure or deeds taken in lieu of foreclosure;

2. Adding a penalty provision that enables the attorney general to bring civil charges and fines, as well as criminal charges as appropriate, for violations of the Act; and
3. Language and organizational revisions to improve clarity.

FISCAL IMPLICATIONS

There are no fiscal implications to the state, either in terms of revenue or administrative costs.

SB61 requires MFA to adopt administrative rules regarding the exception to the Act's long-term affordability requirement. MFA will incur minimal additional operating impact in amending its current rules to address the exception to the long-term affordability requirement.

SIGNIFICANT ISSUES

MFA provides the following perspective:

1. "The Affordable Housing Act permits state and local governments to contribute public funds, buildings and other resources to create or preserve affordable housing. In the ten years since the Act was signed into law, two flaws have emerged that SB61 would resolve:"

2. "The long-term affordability requirement mandated by the current Act makes it difficult to resell a foreclosed property and recoup public resources invested in the property. By providing an exception to the long-term affordability requirement in the event of foreclosure, SB61enables state and local governments to timely sell a foreclosed property at fair market value. The proceeds from any such sale must be used for purposes of the Affordable Housing Act, such as reinvestment in other affordable housing projects."

3. "The current Act allows the attorney general to investigate alleged violations of the Affordable Housing Act, but contains no penalties. SB61 enables the attorney general to bring civil actions, charge civil penalties, and pursue criminal charges as appropriate, for violations of the Act. "

PERFORMANCE IMPLICATIONS

MFA administers and oversees the Affordable Housing Act. The amendments proposed by SB61 would enable more effective administration of the Act by MFA.

The LFC tax policy of accountability is not met since TRD is not required in the bill to report annually to an interim legislative committee regarding the data compiled from the reports from first-time homeowners accepting funding pursuant to the act, and other information to determine whether the program is meeting its purpose.

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