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FISCAL IMPACT REPORT

SPONSOR Gonzales LAST UPDATED 2/28/2023
ORIGINAL DATE 2/21/2023
BILL
SHORT TITLE Affordable Housing Act Oversight NUMBER Senate Bill 495
ANALYST Leger

APPROPRIATION* (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|---------|------------------------------|------------------|
| FY23 | FY24 | | |
| | \$250.0 | Nonrecurring | General Fund |

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to:

Senate Bill 140, NM Housing Trust Fund

House Bill 414, Create Housing Department

Sources of Information

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Senate Bill 495

Senate Bill 495 appropriates \$250 thousand from the general fund to the Department of Finance and Administration for expenditure by the New Mexico Mortgage Finance Authority for the purpose of funding the oversight of the Affordable Housing Act.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall not revert to the general fund.

SIGNIFICANT ISSUES

The Affordable Housing Act was signed into law in 2004. Like the Local Economic Development Act (LEDA), it is an exemption to the state’s Anti-Donation clause. It permits the state and local governments to contribute public funds, land, buildings and other resources to create and preserve affordable housing.

The priority and focus of this funding is to help local governments, municipalities, and jurisdictions implement approved housing plans and ordinances, paving the way for communities to increase housing stock and deploy housing solutions that meet local needs while leveraging local resources.

MFA oversees the Affordable Housing Act, which provides a statutory exception to the anti-donation clause in the New Mexico Constitution and allows counties, municipalities, and school districts to make donations for affordable housing development. MFA provides technical assistance and support to local communities to develop and implement affordable housing plans. This work with local governments has resulted in \$73 million in Affordable Housing Act contributions across the state.

ADMINISTRATIVE IMPLICATIONS

MFA is charged with rulemaking authority and oversight of the act but receives no funds for these purposes. This appropriation would be used to support local governments with technical support, including consultants and resources, to develop and implement affordable housing plans.

Currently, 37 local municipalities and county governments are participants (see below). Participants also become eligible for additional funding resources.

| Entity | Type of Entity | Approved Plan | Approved Ordinance | Entity | Type of Entity | Approved Plan | Approved Ordinance |
|---------------------------------|------------------------------------|---------------|--------------------|----------------------------|------------------------------------|---------------|--------------------|
| Alamogordo | Municipality (City) | Yes | Yes | Lea County | County | Yes | Yes |
| Albuquerque | Municipality (City) | Yes | Yes | Lordsburg | Municipality (City) | Yes | Yes |
| Artesia | Municipality (City) | Yes | Yes | Los Alamos County | County | Yes | Yes |
| Belen | Municipality (City) | Yes | Yes | Los Lunas (Valencia County | Joint Municipality (City) & County | Yes | Yes |
| Bernalillo County | County | Yes | Yes | Lovington | Municipality (City) | Yes | Yes |
| Bernalillo | Municipality (City) | Yes | Yes | Mesilla | Municipality (Town) | Yes | Yes |
| Carlsbad | Municipality (City) | Yes | Yes | Portales | Municipality (City) | Yes | Yes |
| Deming | Municipality (City) | No | Yes | Rio Arriba County | County | Yes | Yes |
| Dona Ana County | County | Yes | Yes | Roswell | Municipality (City) | Yes | Yes |
| Eddy County | County | Yes | Yes | Ruidoso | Municipality (Village) | Yes | Yes |
| Espanola | Municipality (City) | Yes | Yes | San Miguel County | County | Yes | Yes |
| Eunice | Municipality (City) | Yes | Yes | Santa Fe | Municipality (City) | Yes | Yes |
| Farmington – NE San Juan County | Joint Municipality (City) & County | Yes | Yes | Santa Fe County | County | Yes | Yes |
| Gallup | Municipality (City) | Yes | Yes | Silver City | Municipality (City) | Yes | Yes |
| Guadalupe County (Santa Rosa) | Joint Municipality (City) & County | Yes | Yes | Socorro | Municipality (City) | Yes | Yes |
| Hobbs | Municipality (City) | Yes | Yes | Socorro County | County | Yes | Yes |
| Jal | Municipality (City) | Yes | Yes | Taos | Municipality (Town) | Yes | Yes |
| Las Cruces | Municipality (City) | Yes | Yes | Taos County | County | Yes | Pending |
| Las Vegas | Municipality (City) | Yes | Yes | Total | | 36 | 37 |

Note: Taos County ordinance was approved in winter 2022.

MFA is governed by a seven-member board including the lieutenant governor, state treasurer, and state attorney general. The MFA Legislative Oversight Committee is empowered to monitor and oversee the operations and rules and regulations formulated by the authority.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 140 appropriates \$48 million from the general fund to the NM housing trust fund for the purposes of carrying out the provisions of the NM Housing Trust Fund Act.

House Bill 414 replaces MFA with an executive agency, the housing department, to carry out the provisions of the Housing Trust Fund Act.

Appropriations to the NM housing trust fund have to comply with the Affordable Housing Act administered by MFA.

OTHER SUBSTANTIVE ISSUES

MFA Production Highlights related to affordable housing include:

- Approximately 1,000 rental apartments and single-family homes constructed or rehabilitated. MFA provided \$136.8 million in funding through tax credit awards and an additional \$62.2 million in grants, loans and bonds.
- Provided \$738 thousand in financing to construct or acquire, rehabilitate and sell 14 affordable, for-sale homes.

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