

LFC Requester:

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

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*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 1/23/25 *Check all that apply:*  
**Bill Number:** HB135 Original  Correction   
 Amendment  Substitute

**Sponsor:** Kristina Ortez **Agency Name and Code:** Economic Development Department  
**Short Title:** Housing Study Requirement for LEDA Funds **Number:** 41900  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

House bill 135 proposes to amend the Local Economic Development Act (LEDA) (NMSA 1978, 5-10-1), making it a requirement that all local government economic development plans and comprehensive plans with an economic development component include the requirement that qualifying entities applying for LEDA funds conduct a housing study of the counties and municipalities to be affected by the implementation of the proposed economic development project prior to submitting an application for public support and that the findings of the housing study be included in the qualifying entity's application for LEDA funds.

The amendment also adds a definition of "housing study" as "a multivariable estimate of housing demand created by new employment, including new full-time economic-base jobs, expected to occur as a result of implementation of an economic development project; provided that the qualifying entity conducting the housing study shall not solely rely on a cost burden analysis. Essentially, this is a housing study that estimates housing demand created by new employment.

#### **FISCAL IMPLICATIONS**

#### **SIGNIFICANT ISSUES**

Housing studies can take anywhere from two months to a year to be completed, and the cost may range between \$10,000 and \$75,000 depending on the type of special analysis or data collection required.

The purpose of LEDA funds is to help a company expanding or relocating to New Mexico offset the cost of necessary infrastructure for the company to get up and running. Generally requiring a qualifying entity to conduct a housing study completely contradicts the idea of offsetting costs for a company to expand or locate in New Mexico. It is an additional financial burden, will delay a project's ability to move forward, and a requirement that will surely be detrimental to creating successful projects. The cost of a housing study in many instances, in the most part for rural projects, would be more costly than the benefit of a LEDA award itself.

In EDD's economic impact analysis for LEDA projects, companies are asked to provide their expected percentage of workers who will move to the state, county, or city for a job. This helps EDD estimate the expected number of people relocating to the area who will need housing. In our model we also assume that 10% of the workers moving to the area will build a home. This can be considered a reasonable estimate of housing demand.

Most New Mexico municipalities and many counties have LEDA ordinances in place, with the requisite economic development or comprehensive plans. This amendment would require all of those local governments throughout the state to revise their ordinances through the public process, which also takes time and would add to the burden of creating successful projects.

According to Golden Shovel ([Housing Studies: An Economic Development Best Practice That Leads to Growth](#)) using a housing study as an economic development best practice at the

community level does inform community leaders and stakeholders in their decision-making for investment of taxpayer funds into economic development projects, and are valuable assets for any community. A housing study can be used to demonstrate the need for infrastructure or to attract housing developers to a community. Housing studies for a community or region should be revised every 5 years. For these reasons, it makes better sense to find ways to support New Mexico communities with resources so that they may conduct housing studies to support greater local economic development efforts, rather than requiring local businesses to conduct and pay for studies that may or may not be relevant to the entire community or to their own expansion or relocation plans.

There are local government planning grant funds available for economic development and comprehensive plans through the New Mexico Finance Authority, and communities may qualify for up to \$100,000. Community Development Block Grant (CDBG) grants through the Local Government Division of the Department of Finance and Administration may also be a resource.

## **PERFORMANCE IMPLICATIONS**

## **ADMINISTRATIVE IMPLICATIONS**

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

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

## **AMENDMENTS**