

LFC Requester:	Emily Hilla
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(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: 1/27/2024 *Check all that apply:*
Bill Number: SB 77 Original Correction
 Amendment Substitute

Sponsor: Harold Pope **Agency Name** 992 – New Mexico Mortgage
Short Title: PURCHASE OF SINGLE **and Code** Finance Authority
FAMILY HOMES **Number:** (Housing New Mexico | MFA)
Person Writing Robyn Powell
Phone: 505-767-2271 **Email** rpowell@housingnm.org

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
NA	NA	NA	NA

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NA	NA	NA	NA	NA

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0	\$0	\$0	\$0	\$0	\$0

(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

Senate Bill 77 prohibits a hedge fund, private equity firm, corporation or other business from purchasing a single family residential property.

FISCAL IMPLICATIONS

Senate Bill 77 does not appropriate state funds or generate revenue for the state.

SIGNIFICANT ISSUES

Currently no other state has enacted such a ban. Although there has been some similar proposed legislation at the federal level and in other states including:

End Hedge Fund Control of American Homes Act: Introduced in December 2023 by Senator Jeff Merkley and Representative Adam Smith, this bill aims to limit large corporate ownership of single-family homes. It proposes a cap of 50 homes per entity and includes measures to divest existing holdings over a decade.

California: Assembly Bill 2584, introduced by Assemblymember Alex Lee, seeks to prohibit institutional investors owning more than 1,000 single-family homes from acquiring additional properties for rental purposes. The bill has progressed through initial legislative stages but has not been enacted into law.

Nebraska: In February 2024, a bill was proposed to ban out-of-state hedge funds and corporate entities from purchasing single-family homes in Nebraska. This legislation is currently under consideration.

Potential benefits of this bill include:

- Limits competition from large financial entities that often outbid individual homebuyers, ensuring more homes are available for families and individuals.
- Reduces speculative investment in residential properties, which can lead to inflated prices and housing bubbles.
- Discourages absentee ownership, which can negatively affect neighborhood cohesion and maintenance.
- Increases opportunities for first-time buyers and low- to middle-income families to purchase homes, potentially addressing housing affordability concerns.

Potential drawbacks include:

- Reduced demand from institutional buyers could lead to lower home prices, negatively impacting homeowners looking to sell or refinance.

- Determining compliance and identifying prohibited entities may require additional resources and regulatory oversight, which would be a cost to the state.
- Institutional buyers often convert purchased homes into rentals; restricting their activity may reduce rental property availability, potentially increasing rental prices.
- Institutional investors sometimes fund new housing developments; this prohibition might discourage investment in building new single-family homes, worsening supply issues.

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