

LFC Requester:

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: 2/13/25 *Check all that apply:*
Bill Number: S349-341 Original Correction
 Amendment Substitute

Sponsor: Sen. Gonzales **Agency Name and Code** DFA-341
Short NORTH CENTRAL NM ECONOMIC DEVELOPMENT DIST. **Number:** _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	37,000.0	Recurring	GF

(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
Total						

(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 349 (SB349) aims to help economic development in the North Central New Mexico region by providing non-reverting funding for housing-related projects to include \$2 million in grants for housing planning and design and \$35 million in grants for housing construction and infrastructure to public entities. This will help address the housing needs and promote regional growth.

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

- **Nonrecurring Expense:** The \$37 million appropriation is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2026 shall not revert to the general fund, ensuring the funds remain available for their intended purposes.
- **Administrative Costs:** The Department of Finance and Administration is permitted to use no more than 10% of the appropriated funds for administering the grants.

SIGNIFICANT ISSUES

- **Long-Term Sustainability:** While the bill addresses immediate housing needs, it does not specify provisions for the long-term maintenance and sustainability of the housing projects funded. Without clear plans for ongoing support, there is a risk that the infrastructure may deteriorate over time.
- **Equitable Distribution:** The bill does not outline criteria for the equitable distribution of funds among various public entities within the district. Clear guidelines are essential to ensure that all communities benefit fairly from the appropriations. Addressing these issues will ensure that the appropriated funds effectively meet the housing needs in North Central NM Economic Development District and contribute to a sustainable community development.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

- **Grant Administration:** The bill permits the Department of Finance and Administration to use up to 10% of the appropriated funds for administering the grants. Effective and transparent administration is crucial to maximize the impact of the funds.
- **Non-Reverting Funds:** Any unexpended or unencumbered balance remaining at the end of fiscal year 2026 shall not revert to the general fund, ensuring the funds remain available for their intended purposes.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

Addressing the issues below would ensure that the appropriated funds are used effectively, and the housing initiatives achieve the project successfully.

- **Unspecified Allocation Criteria:** The bill does not detail the specific criteria or processes for selecting public entities to receive grants for housing planning, design, construction, and infrastructure. Clearly defined guidelines are essential to ensure transparency and fairness in the distribution of funds.
- **Lack of Performance Metrics:** The bill does not establish performance metrics or benchmarks to assess the effectiveness of the funded projects. Implementing measurable outcomes is crucial for evaluating the success of the initiatives and ensuring accountability.
- **Absence of Reporting Requirements:** The bill does not specify reporting requirements for recipients of the grants. Regular reporting is necessary to monitor progress, track expenditures, and ensure that the funds are utilized appropriately.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

- **Targeted Housing Tax Credits:** Implementing tax incentives for private developers to invest in affordable housing projects within the district. This approach leverages private sector investment to address housing needs.
- **Public-Private Partnerships (PPPs):** Encouraging collaborations between government entities and private developers to co-finance and co-develop housing projects. PPPs can combine public resources with private expertise and efficiency.
- **Community Land Trusts (CLTs):** Establishing CLTs to acquire and manage land for affordable housing, ensuring long-term affordability and community control over housing development.
- **Statewide Housing Fund:** Creating a centralized fund to support housing projects across the state, with allocations based on regional needs assessments. This approach ensures a more equitable distribution of resources.
- **Housing Voucher Programs:** Expanding rental assistance programs to provide direct support to low-income individuals and families, enabling them to access housing in the private market.
- **Zoning and Regulatory Reforms:** Implementing changes to zoning laws and building codes to facilitate the development of affordable housing, such as allowing higher-density construction or reducing parking requirements.
- **Regional Housing Authorities:** Establishing or empowering regional housing authorities to oversee and coordinate housing development efforts, ensuring that projects align with local needs and priorities.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Not enacting SB349 could impede housing development, increase costs, hinder economic growth, limit access to federal funds, and strain existing resources in the North Central New

Mexico Economic Development District.

AMENDMENTS