

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

SPONSOR Montoya LAST UPDATED _____
ORIGINAL DATE 2/2/2024
BILL
SHORT TITLE MFA Affordable Housing Study NUMBER House Bill 260
ANALYST Leger/Aragon

APPROPRIATION* (dollars in thousands)

FY24	FY25	Recurring or Nonrecurring	Fund Affected
	\$500.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 195 and Senate Bills 7, 31, 212 and 216

Sources of Information

LFC Files

Agency Analysis Received From

Economic Development Department (EDD)

New Mexico Mortgage Finance Authority (MFA)

Agency Analysis was Solicited but Not Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of House Bill 260

House Bill 260 appropriates \$500 thousand from the general fund to the Department of Finance and Administration for expenditure in fiscal year 2025 by the New Mexico Mortgage Finance Authority (MFA) to conduct an affordable housing study.

MFA is tasked with conducting an affordable housing study from July 1, 2024, through October 1, 2024. The study shall determine locations in the state where affordable housing is needed, vacancies in state and locally owned properties, state and locally owned land that could be used for housing development, and the necessity of creating a fund for building infrastructure.

This study will be reported to the Mortgage Finance Authority Act Oversight Committee before November 30, 2024. This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY25 shall revert to the general fund.

SIGNIFICANT ISSUES

MFA states an inventory of state and locally owned properties and land could be useful in promoting affordable housing development. There are numerous considerations in selecting a location for development, including access to transportation, services, and existing infrastructure.

The Economic Development Office reports:

Lack of access to affordable housing can directly impact the New Mexico workforce and a business's decision to relocate or expand within the state. In myriad conversations with economic development organizations, local governments and businesses, the New Mexico Economic Development Department (EDD) staff have noted the consistent complaint of a lack of affordable housing for potential workers. This is of particular concern in rural communities that are seeking to attract business development but are more likely to lack adequate infrastructure resources to support further housing developments.

Available workforce is an important factor in where a business chooses to locate or expand. If current housing trends persist in New Mexico, it is likely businesses will be less inclined to choose the state, negatively impacting local and state GRT revenues. The study directed by HB260 may begin to identify potential solutions to this urgent issue and have a long-term positive impact on local and state-wide economic development.

PERFORMANCE IMPLICATIONS

The MFA reports it published the *New Mexico Housing Strategy* in 2022 that addresses some elements required in HB260. These elements include gaps in affordable housing stock, projected development needs, and strategies to increase affordable housing.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill relates to House Bill 195 that amends the Opportunity Enterprise Act to create a housing development revolving fund to support housing infrastructure. As adopted by the House, the General Appropriation Act includes \$75 million contingent on the passage of HB195. The necessity of creating a fund for building infrastructure is a task of the study.

SB71 relates to Senate Bill 7, which appropriate \$500 million from general fund for the housing trust fund; Senate Bill 31, which appropriates \$500 thousand from the general fund to DFA for MFA; Senate Bill 21, which requires regional housing authorities to develop five-year affordable housing plans, and Senate Bill 216, which allows NMFA to finance affordable housing projects.