

AN ACT

RELATING TO HOUSING; ENACTING THE AFFORDABLE HOUSING ACT TO IMPLEMENT THE FUNDING FOR AFFORDABLE HOUSING PERMITTED PURSUANT TO SUBSECTIONS E AND F OF SECTION 14 OF ARTICLE 9 OF THE CONSTITUTION OF NEW MEXICO; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. SHORT TITLE.--This act may be cited as the "Affordable Housing Act".

Section 2. PURPOSE.--The purpose of the Affordable Housing Act is to implement the provisions of Subsections E and F of Section 14 of Article 9 of the constitution of New Mexico.

Section 3. DEFINITIONS.--As used in the Affordable Housing Act:

- A. "affordable housing" means residential housing primarily for persons or households of low or moderate income;
- B. "authority" means the New Mexico mortgage finance authority;
- C. "building" means a structure capable of being renovated or converted into affordable housing or a structure that is to be demolished and is located on land donated for use in connection with an affordable housing project;
- D. "governmental entity" means a state, county or municipality;
- E. "household" means one or more persons occupying a housing unit;
- F. "housing assistance grant" means the donation by a governmental entity of:

- (1) land for construction of an affordable housing project;
- (2) an existing building for conversion or renovation as affordable housing; or
- (3) the costs of infrastructure necessary to support affordable housing;

G. "infrastructure" includes infrastructure improvements and infrastructure purposes;

H. "infrastructure improvement" includes, but is not limited to:

- (1) sanitary sewage systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge;
- (2) drainage and flood control systems, including collection, transport, diversion, storage, detention, retention, dispersal, use and discharge;
- (3) water systems for domestic purposes, including production, collection, storage, treatment, transport, delivery, connection and dispersal;
- (4) areas for motor vehicle use for road access, ingress, egress and parking;
- (5) trails and areas for pedestrian, equestrian, bicycle or other nonmotor vehicle use for access, ingress, egress and parking;
- (6) parks, recreational facilities and open space areas to be used by residents for entertainment, assembly and recreation;
- (7) landscaping, including earthworks, structures, plants, trees and related water delivery systems;
- (8) electrical transmission and distribution facilities;

- (9) natural gas distribution facilities;
- (10) lighting systems;
- (11) cable or other telecommunications lines and related equipment;
- (12) traffic control systems and devices, including signals, controls, markings and signs;
- (13) inspection, construction management and related costs in connection with the furnishing of the items listed in this subsection; and
- (14) heating, air conditioning and weatherization facilities, systems or services, and energy efficiency improvements that are affixed to real property;

I. "infrastructure purpose" means:

- (1) planning, design, engineering, construction, acquisition or installation of infrastructure, including the costs of applications, impact fees and other fees, permits and approvals related to the construction, acquisition or installation of the infrastructure;
- (2) acquiring, converting, renovating or improving existing facilities for infrastructure, including facilities owned, leased or installed by the owner;
- (3) acquiring interests in real property or water rights for infrastructure, including interests of the owner; and
- (4) incurring expenses incident to and reasonably necessary to carry out the purposes specified in this subsection;

J. "municipality" means an incorporated city, town or village, whether

incorporated under general act, special act or special charter, incorporated counties and H class counties;

K. "qualifying grantee" means:

(1) an individual who is qualified to receive assistance pursuant to the Affordable Housing Act and is approved by the governmental entity; and

(2) a governmental housing agency, regional housing authority, tribal housing agency, corporation, limited liability company, partnership, joint venture, syndicate, association or nonprofit organization that:

(a) is organized under state, local or tribal laws and can provide proof of such organization;

(b) if a nonprofit organization, has no part of its net earnings inuring to the benefit of any member, founder, contributor or individual; and

(c) is approved by the governmental entity; and

L. "residential housing" means any building, structure or portion thereof that is primarily occupied, or designed or intended primarily for occupancy, as a residence by one or more households and any real property that is offered for sale or lease for the construction or location thereon of such a building, structure or portion thereof. "Residential housing" includes congregate housing, manufactured homes and housing intended to provide or providing transitional or temporary housing for homeless persons.

Section 4. ELIGIBILITY REQUIREMENTS--NON-INDIVIDUAL AND INDIVIDUAL QUALIFYING GRANTEES.--

A. To be eligible to receive lands, buildings and infrastructure

pursuant to Section 14 of Article 9 of the constitution of New Mexico, a non-individual qualifying grantee shall:

(1) have a functioning accounting system that is operated in accordance with generally accepted accounting principles or has designated an entity that will maintain such an accounting system consistent with generally accepted accounting principles;

(2) have among its purposes significant activities related to providing housing or services to low- or moderate-income persons or households; and

(3) if it has significant outstanding or unresolved monitoring findings from either the authority or its most recent independent financial audit, have a certified letter from the authority or auditor stating that the findings are in the process of being resolved.

B. To be eligible to receive lands, buildings and infrastructure pursuant to Section 14 of Article 9 of the constitution of New Mexico, an individual qualifying grantee shall meet the requirements established by the authority pursuant to the Affordable Housing Act.

Section 5. STATE, COUNTY AND MUNICIPALITIES--AUTHORIZATION FOR AFFORDABLE HOUSING.--The state, a county or a municipality may donate land for construction of affordable housing or an existing building for conversion or renovation into affordable housing or may provide or pay the costs of infrastructure necessary to support affordable housing projects.

Section 6. REQUIREMENT FOR SPECIFIC LAW AUTHORIZING A HOUSING ASSISTANCE GRANT FROM STATE.--

A. The specific grant of authority created in the Affordable Housing Act is the prior approval required pursuant to Article 4, Section 14 of the constitution of New Mexico to allow the state to provide affordable housing assistance.

B. Funding pursuant to this grant of authority shall be appropriated to the department of finance and administration for disbursement by the authority to a qualifying grantee in accordance with rules promulgated by the authority.

C. Rules adopted by the authority may include provisions for matching or using local, private or federal funds in connection with a specific grant, but matching or using federal funds shall not be prohibited.

D. The authority shall seek comment from the Mortgage Finance Authority Act oversight committee prior to its adoption of rules pursuant to this section.

Section 7. REQUIREMENT FOR ENACTMENT OF AN ORDINANCE BY COUNTY OR MUNICIPALITY AUTHORIZING HOUSING ASSISTANCE GRANTS.--

A. A county or municipality may provide housing assistance grants pursuant to Section 14 of Article 9 of the constitution of New Mexico after enactment by its governing body of an ordinance authorizing grants, stating the requirements of and purposes of the grants and authorizing transfer or disbursement to a qualifying grantee only after a budget is submitted to and approved by the governing body. The ordinance may provide for matching or using local, private or federal funds either through direct participation with a federal agency pursuant to federal law or through indirect participation throughout the authority. The ordinance shall comply with rules promulgated by the authority pursuant to Section 8 of the Affordable Housing Act.

B. A school district may transfer land owned by the school district to a county or municipality to be further granted as part or all of an affordable housing grant if the school district and the governing body of the county or municipality enter into a contract that provides the school district with a negotiated number of affordable housing units that will be reserved for employees of the school district.

C. The governing board of a public post-secondary educational institution may transfer land owned by that institution to a county or municipality; provided that:

(1) the property transferred shall be granted by the county or municipality as part or all of an affordable housing grant; and

(2) the governing board of the public post-secondary educational institution and the governing body of the county or municipality enter into a contract that provides the public post-secondary educational institution with affordable housing units.

D. As used in this section, "public post-secondary educational institution" means a state university or a public community college.

Section 8. PROVISIONS TO ENSURE SUCCESSFUL COMPLETION OF AFFORDABLE HOUSING PROJECTS.--

A. State, county and municipal housing assistance grants pursuant to the Affordable Housing Act shall be applied for and awarded to qualifying grantees pursuant to the rules promulgated by the authority subject to the requirements of that act.

B. The authority shall adopt rules covering:

(1) procedures to ensure that qualifying grantees meet the

requirements of the Affordable Housing Act and rules promulgated pursuant to that act both at the time of the award and through the term of the grant;

(2) establishment of an application and award timetable for housing assistance grants to permit the selection of the potential qualifying grantees prior to January of the year in which the grants would be made;

(3) contents of the application, including an independent evaluation of the:

(a) financial and management stability of the applicant;

(b) demonstrated commitment of the applicant to the community;

(c) cost-benefit analysis of the project proposed by the applicant;

(d) benefits to the community of a proposed project;

(e) type or amount of assistance to be provided;

(f) scope of the affordable housing project;

(g) substantive or matching contribution by the applicant to the proposed project; and

(h) performance schedule for the qualifying grantee with performance criteria;

(4) a requirement for long-term affordability of a state, county or municipal project so that a project cannot be sold shortly after completion and taken out of the affordable housing market to ensure a quick profit for the qualifying grantee;

(5) a requirement that a grant for a state or local project must impose a contractual obligation on the qualifying grantee that the housing units in a state or local project pursuant to the Affordable Housing Act be occupied by low- or moderate-income households;

(6) provisions for adequate security against the loss of public funds or property in the event that a qualifying grantee abandons or otherwise fails to complete a project;

(7) a requirement for review and approval of a housing grant project budget by the grantor before any expenditure of grant funds or transfer of granted property;

(8) a requirement that, unless the period is extended for good cause shown, the authority shall act on an application within forty-five days of the date of receipt of an application that the authority deems to be complete and, if not acted upon, the application shall be deemed approved;

(9) a requirement that a condition of grant approval be proof of compliance with all applicable state and local laws, rules and ordinances;

(10) provisions defining "low- and moderate-income" and setting out requirements for verification of income levels;

(11) a requirement that a county or municipality that makes a housing assistance grant shall have an existing valid affordable housing plan or housing elements contained in its general plan; and

(12) a requirement that the governmental entity enter into a contract with a qualifying grantee consistent with the Affordable Housing Act, which contract shall include remedies and default provisions in the event of the

unsatisfactory performance by the qualifying grantee.

C. In addition to the rulemaking mandated in Subsection B of this section, the authority may adopt additional rules to carry out the purposes of the Affordable Housing Act. Rulemaking procedures pursuant to the Affordable Housing Act shall:

- (1) provide a public hearing in accordance with the state Administrative Procedures Act; and
- (2) require concurrence in a rule having application to local government by both the New Mexico municipal league and the New Mexico association of counties.

Section 9. EMERGENCY.--It is necessary for the public peace, health and safety that this Act take effect immediately.

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