

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

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR HBIC DATE TYPED 01/27/04 HB 25/HBICS

SHORT TITLE Affordable Housing Act SB _____

ANALYST Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 120, Senate Bill 196, House Bill 21 and Senate Bill 205.

SOURCES OF INFORMATION

LFC Files
New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

House Business & Industry Committee Substitute for House Bill 25 enacts the Affordable Housing Act to implement the funding for affordable housing permitted pursuant to Article 9, Section 14, subsections E and F of the Constitution of New Mexico.

Significant Issues

Constitutional Amendment 6, ratified by the voters in November 2002, amended Article 9, Section 14 of the Constitution of New Mexico to allow the state, counties, and municipalities to donate land owned by the state, county, or municipality for the construction on it of affordable housing. The provisions further allow the state, counties and municipalities to donate existing buildings owned by the state, county or municipality for conversion or renovation into affordable housing, and allow the governmental entities to provide or pay the cost of infrastructure necessary to support affordable housing projects.

The provisions of the amendment are not self-executing. This bill provides the necessary enabling legislation that must be enacted by the majority vote of the members elected to each house of the legislature. The enabling legislation provides the following:

- Definitions as used in the Affordable Housing Act;
- Provides requirements for both non-individual and individual qualifying grantees;
- Authorizes the state, a county or a municipality to 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;
- Requires specific law authorizing a housing assistance grant;
- Requires the governing body of a county or municipality to enact an ordinance authorizing the grant, stating its purpose and authorizing its transfer or disbursement to a qualifying grantee in compliance with rules promulgated by MFA;
- Allows school districts to transfer land owned by school district to a county or municipality to be further granted as part or all of an affordable housing grant provided 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;
- Allows “public” post-secondary educational institutions to transfer land owned by the institution to a county or municipality provided that the property will be granted by the county or municipality as part or all of an affordable housing grant, and provided the governing board of the public post-secondary institution and the governing body of the county or municipality enter into a contract that provides the post-secondary educational institution with affordable housing units;
- Stipulates that state housing assistance grants shall be applied for and awarded to qualifying grantees pursuant to rules and financial criteria promulgated by MFA subject to requirements of the Act; and
- This bill contains an emergency clause.

FISCAL IMPLICATIONS

According to MFA, improvements by recipients to land or buildings transferred under the provisions of this bill will have a potential positive impact to the state’s economy.

ADMINISTRATIVE IMPLICATIONS

The bill does not provide for administrative costs of the Act. However, MFA will provide the administrative support for implementation utilizing its own general fund revenues.

RELATIONSHIP

A 2003 legislative appropriation for fiscal 2003-04 totaling \$600 thousand (severance tax bonds) have been sold but not released by the Board of Finance due to the attorney general’s concern that the use of bond funding for weatherization services of privately-owned homes may violate the anti-donation clause of the Constitution.

House Bill 25/HBICS -- Page 3

It is anticipated that this bill will provide provisions to insure contributions are made within the intent of the Constitution and will clear the way for the funding to be released.

Senate Bills 120 and 196 each appropriate \$1 million from the general fund to the Department of Finance and Administration for funding the Weatherization Assistance Program. The use of general funds in previous years for weatherization services has never posed a constitutional problem. House Bill 21 and Senate Bill 205 each appropriate \$100 thousand from the general fund to the Human Services Department (HSD) to contract weatherization services for homes of Medicaid recipients whose homes are in dire need of rehabilitation. It is possible House Bill 25 will provide the necessary constitutional provisions to allow the utilization of state funds for weatherizing homes of Medicaid recipients.

LMK/lg