

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 be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 3/15/07

SPONSOR HBIC LAST UPDATED _____ HB 1321/HBICS

SHORT TITLE Investigation and Accounting of the Regional Housing Authorities SB _____

ANALYST Leger

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|------|-------------------------|------------------|
| FY07 | FY08 | | |
| \$300.0 | | Nonrecurring | General Fund |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 997 & SB 519

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Business and Industry Committee Substitute for House Bill 1321 appropriates \$300 thousand from the general fund to the Legislative Finance Committee (\$100,000) and Office of the State Auditor (\$200,000) for the purpose of conducting an investigation and accounting of the activities and assets of those regional housing authorities not ranked as “high performing”.

Declaring an emergency.

FISCAL IMPLICATIONS

The appropriation of \$300 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the general fund.

SIGNIFICANT ISSUES

The Regional Housing Act of 1994 established the Regional Housing Authorities and eliminated the State Housing Authority. As a result, many of the functions for the State Housing authority were moved to NM Mortgage Finance Authority but the oversight of the regional authorities was

not. Thus, there is no statutorily created agency that has oversight over the regional authorities.

Early in 2006, the Governor directed the Board of Finance to study the regional housing authorities and make recommendations to improve accountability. Community Strategies Institute (CSI), a Colorado housing consultant, was commissioned to produce a report assessing the current environment and providing recommendations to improve the performance of the regional housing authorities. Singled out for expanded inspection were Regions III and VII.

The Legislative Finance Committee is currently conducting a limited review of Regions III and VII.

PERFORMANCE IMPLICATIONS

The bill states that as part of the investigation and accounting, the Legislative Finance Committee:

- Shall determine the total money received by the regional housing authorities and the sources of the money received;
- Shall determine the amounts expended by the regional housing authorities and the recipients and purposes of the expenditures;
- Shall determine the number of housing units actually constructed or purchased pursuant to projects funded by the regional housing authorities and how many of the housing units were for the benefit of low-income individuals;
- Shall determine the salaries and other payments made to employees and members of the boards of commissioners of the regional housing authorities and payments to any relatives of, or any business entities owned by employees or board members;
- Shall account for the assets acquired and disposed of by the regional housing authorities;
- Shall identify the existing debts of the regional housing authorities and determine the likelihood that the debts will be repaid;
- May use its subpoena power to compel the attendance of witnesses and the production of documents;
- May administer oaths to witnesses; and
- Shall report its findings and recommendations to the Governor and to the Legislature no later than December 15, 2007.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB 997 & SB 519 – Oversight of Regional Housing Authorities

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

While approaching the end of the legislative session, no action has been taken to address the current regional housing authority structure. The regional housing authorities will continue to lack oversight and accountability.