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FISCAL IMPACT REPORT

SPONSOR Papen **ORIGINAL DATE** _____
LAST UPDATED 1/26/2011 **HB** _____

SHORT TITLE Regional Housing Authority Oversight Funds **SB** 253

ANALYST Leger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	\$250.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 252

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 253 appropriates \$250.0 from the general fund to the Department of Finance and Administration for the purpose of funding the oversight of the regional housing authorities by the New Mexico Mortgage Finance Authority.

FISCAL IMPLICATIONS

The appropriation of \$250.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY12 shall revert to the general fund.

SIGNIFICANT ISSUES

Senate Bill 253 is endorsed by the Mortgage Finance Authority Act Oversight Committee.

Laws 2007, Chapter 50 and Laws 2009, Chapter 48 strengthened the accountability and oversight and changed the make-up of the housing authority districts of the regional housing authorities (RHAs). Section 11-3A NMSA 1978 designates MFA as the oversight agency of the RHAs.

In 2008, a study relating to regional housing opportunities in New Mexico¹ states, “the New Mexico Legislature will need to make a seed capital investment in the three Regional Housing Opportunity Centers in the amount of \$450,000 annually for three years.” Since 2007, slightly more than \$1 million has been earmarked to carry out the responsibilities, duties, and provisions of the regional housing laws. MFA was not immune to the budget cuts in FY11; funding was cut 88 percent.

According to MFA, in order to ensure appropriate oversight and continued success in the authorities’ transition, another appropriation is needed to pay for oversight expenses. Those expenses now include capacity building, technical assistance, and oversight, which services exceed the available funding. In the absence of an appropriation, MFA cannot afford to carry out its assigned oversight duties, and continue to provide capacity building and technical assistance.

PERFORMANCE IMPLICATIONS

To date, there are three RHAs; the northern, eastern, and western. The eastern and western RHAs are operational and active in many housing projects within their designated regions, whereas, the northern regional housing authority (NRHA) struggles to begin operations. As the second largest regional housing authority, NRHA’s jurisdiction includes 10 counties. In April 2010, the Santa Fe Civic Housing Authority (SFCHA) was named the management entity over NRHA. The memorandum of understanding between the two entities states SFCHA shall serve as a contractor to NRHA and remain separate and distinct, therefore, not able to cover any operation costs by NRHA. Nearly \$14 thousand was budgeted for transitional costs and employee and board member training. The funding was derived from the Legislative appropriation from Laws of 2010 for regional housing oversight.

ADMINISTRATIVE IMPLICATIONS

DFA serves as fiscal agent of state funding earmarked for regional housing. MFA is required to enter into a joint powers agreement (JPA) with DFA for expenditure of funding. Funding received in FY11 was included in DFA’s budget as a special appropriation; therefore subject to the “50 percent rule” limiting an agency’s expenditure to 50 percent of its operating budget in the first six months of the year.

RELATIONSHIP

The bill relates to SB 252. The bill transfers the oversight of the regional housing authorities to the Department of Finance and Administration.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If funding is not earmarked for RHA oversight, MFA proposes amending the regional housing law so that all oversight responsibilities are transferred to the Department of Finance and Administration.

JLL/bym

¹ *New Mexico Regional Affordable Housing Opportunities*, Community Strategies Institute, September 2008.