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FISCAL IMPACT REPORT

SPONSOR Maestas LAST UPDATED _____
ORIGINAL DATE 2/23/23
BILL
SHORT TITLE Multi-Generational Housing and Zoning NUMBER Senate Bill 333
ANALYST J. Torres

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact			

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent version of this legislation.

Sources of Information

LFC Files

Responses Received From

Administrative Office of the Courts (AOC)

Mortgage Finance Authority (MFA)

Office of Attorney General (NMAG)

Office of the State Auditor (OSA)

SUMMARY

Synopsis of Senate Bill 333

Senate Bill 333 amends Section 3-31-1(F) NMSA 1978 as follows:

F. Zoning authorities, including zoning authorities of home rule municipalities, shall: (1) accommodate multigenerational housing by creating a mechanism to allow up to two kitchens and to allow additional detached dwelling units within a single-family zoning district, such as conditional use permits; (2) accommodate one additional dwelling unit within each lot in a single-family zoning district as a permissive use; and (3) not establish single-family zoning districts after the effective date of this 2023 act.

The effective date of the Act is July 1, 2023.

FISCAL IMPLICATIONS

Responding agencies indicated no fiscal impact.

SIGNIFICANT ISSUES

MFA states:

As part of the New Mexico Housing Strategy development, homeowners were asked to share their views on accessory dwelling units (ADUs). Results showed homeowners' appetite for ADUs. Thirty-seven percent indicated that they would consider building and renting out an accessory dwelling if they had the resources and another 14 percent indicated they might consider it.

By 2035, the state is projected to reach nearly 900 thousand households, 65 thousand more than in 2020. Based on this projection, between now and 2025, an average of 5,100 housing units per year are needed to accommodate growth; and between 2025 and 2030, an average of 5,140 housing units per year are needed to accommodate growth. This compares to a 10-year average of annual permits issued of 4,107 housing units in growth counties and 4,771 housing units statewide. Rental unit production is a crucial component for reaching these housing targets.

NMAG states:

SB333 would require dozens of zoning authorities to immediately revise their respective zoning ordinances. Perhaps providing a timeframe for compliance would be helpful.

This bill would create more specific state-level regulation of zoning matters than currently exists. This may create more burdens for some zoning authorities than others, and may have a disparate impact on various counties and municipalities. This could have unintended knock-on effects. For example, a rural zoning authority might be less inclined to approve subdividing a larger parcel if each parcel so subdivided would be (in essence) zoned for two detached residences instead of one. It would also potentially create perverse incentives for zoning authorities who wish to maintain low housing density. For example, an authority could simply double the minimum lot size while allowing additional dwelling units to be built on each lot. This might result in some inefficiencies in the housing and land markets.

OSA states:

Section 3-21-1 NMSA 1978 already establishes counties and municipalities as zoning authorities that may regulate and restrict within their respective jurisdictions. The amendment of Subsection F-1 of §3-21-1 NMSA 1978 states that zoning authorities shall accommodate multigenerational housing by allowing additional detached dwelling units within a single-family zoning district. Subsection F-2 requires the zoning district to accommodate one additional dwelling unit within each lot in a single-family zoning district as a permissive use. Subsection F-3 prevents the zoning district from establishing single-family zoning districts after the effective date of this legislation in 2023

This bill requires that statewide zoning authorities accommodate the types of dwelling units it specifies and that they not establish single family zoning districts as of the act's effective date. The bill therefore requires that integrated housing be implemented on a statewide basis as of its effective date.

JT/al/ne