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**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

**Analysis.nmlegis.gov**

*{Analysis must be uploaded as a PDF}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

*Check all that apply:*

**Original**        **Amendment**      
**Correction**        **Substitute**   

**Date** 1.23.2024  
**Bill No:** HB195

<b>Sponsor:</b>	Representatives Linda Serrato and Meredith A. Dixon	<b>Agency Name and Code Number:</b>	Economic Development Department 41900
	<b>Short Title:</b>	<u>HOUSING FUND &amp; CHANGES</u>	<b>Person Writing</b> <u>Sam Collins</u> <b>Phone:</b> <u>505.690.0394</u> <b>Email</b> <u>sam.collins@edd.nm.gov</u>

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
\$0	\$0		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
\$0	\$0	\$0		

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

House Bill 195 (HB195) expands the Opportunity Enterprise Act (N.M. Stat. Ann. § 6-34-1, *et seq.*) to include financing for residential and workforce development housing. To accomplish this expansion, HB195 institutes a series of changes such as new housing related parameters for rules governing project approval and substituting the executive director of the New Mexico mortgage finance authority for the state auditor and adding individuals with experience in housing, building or development.

**FISCAL IMPLICATIONS**

Fiscally, the expansion of the authority to include affordable and workforce development projects could increase the demand for more general fund revenue in the Opportunity Enterprise and Housing Development Fund.

NMFA has a lending infrastructure in place that can be expanded to accommodate the proposed residential products. The incremental cost of this expansion would not be anticipated to be significant.

The Economic Development Department (EDD) supports the proposed legislation. The Secretary of EDD is both a member of the boards of the Opportunity Enterprise Review Board and the New Mexico Finance Authority.

**SIGNIFICANT ISSUES**

Housing has not historically been an area of EDD’s focus but as the State has experienced a dramatic rise in housing and rental costs, the lack of reasonably priced housing has become an impediment to the recruitment of new businesses and the retention and expansion of existing businesses. Middle class workforce housing, not just traditional “affordable” housing, is in dire need. Here, the EDD will be especially well positioned to coordinate investment in the state’s economy with workforce development and housing.

**PERFORMANCE IMPLICATIONS**

The inclusion of housing financing may create competition between traditional opportunity enterprise project and affordable housing projects, especially if the fund balance from which the

projects are financed are not increased. Also, this new authority to finance affordable housing could have administrative impact, requiring more staff experienced to handle the review, processing, and approval of affordable housing initiatives.

### **ADMINISTRATIVE IMPLICATIONS**

See above. Also, the expansion of affordable housing responsibilities around multiple state agencies, New Mexico Mortgage Finance Authority, New Mexico Finance Authority, the Department of Finance and Administration, etc., could create challenges to coordination and potential inefficiencies, as well as a competition between similar finding mechanisms.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Currently two other funding bills are under discussion that provide resources for both the New Mexico Finance Authority and the New Mexico Mortgage Finance Authority.

The first, Senate Bill 7 (SB 7), An Act Making An Appropriation To The New Mexico Housing Trust Fund, introduced by Nancy Rodriguez, would provide the New Mexico Finance Authority \$500 million in additional funds, a substantial sum presumably increasing the amount of capital able to be used to implement HB 195.

The second, Senate Bill 31 (SB 31), Making An Appropriation To The Department Of Finance And Administration To Carry Out The Purposes Of The Affordable Housing Act, provides an additional \$500 thousand to this end.

### **TECHNICAL ISSUES**

None other than those stated above.

### **OTHER SUBSTANTIVE ISSUES**

None.

### **ALTERNATIVES**

None.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

If this bill is not enacted, the state will have one less mechanism to contribute to the safe, stable, and affordable housing, negatively impacting both families and the businesses that rely on them.

### **AMENDMENTS**

None.