

LFC Requester:

Emily Hilla

AGENCY BILL ANALYSIS
2024 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

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 January 18, 2023

Bill No: SB 31

Sponsor: Roberto "Bobby" J. Gonzales
Short AFFORDABLE HOUSING
Title: ACT FUNDS

Agency Name and Code Number: New Mexico Mortgage Finance Authority (MFA) 992

Person Writing: Robyn Powell

Phone: 505.767.2271 Email: rpowell@housingnm.org

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	\$500	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
NFI	NFI	NFI	NA	NA

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NA	NA	NA

(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

SB 31 makes a one-time, appropriation of \$500,000 from the general fund to the Department of Finance and Administration (DFA) for the New Mexico Mortgage Finance Authority (MFA) to carry out the provisions of the Affordable Housing Act (AHA). This bill allows expenditure beginning in fiscal year 2025 and is non-reverting.

The New Mexico State Legislature passed the AHA in 2004 as an exception to the anti-donation clause in the New Mexico Constitution to allow local governments - and other political subdivisions - to put resources toward affordable housing acquisition, development, financing, maintenance, and operation. In the AHA, MFA is charged as the entity responsible for AHA implementation and oversight.

FISCAL IMPLICATIONS

The passage of SB 31 would result in a one-time, non-reverting, appropriation of \$500,000 from the general fund to DFA for MFA. The appropriation does not impact the state operating budget because MFA, as a self-supporting quasi-governmental entity, does not rely on the state for any operational funding.

SIGNIFICANT ISSUES

Local investment in affordable housing, as authorized in the AHA, is a key solution to addressing New Mexico's housing needs. There are currently 37 municipalities and counties that have satisfied the requirements of the AHA to have an MFA approved affordable housing plan and affordable housing ordinance. Since the passage of the AHA local governments have contributed \$98.7 million to affordable housing projects. Donations include (a) construction, financing, or operating cost, (b) infrastructure, (c) buildings, (d) land and (e) tax or fee abatement. Entities that are eligible to receive donations include public entities, non-profit organizations, and private enterprises.

Were an appropriation approved to provide technical assistance to local governments, primarily small and rural local governments, this would help them achieve AHA compliance or implement the AHA. Activities include but are not limited to supporting affordable housing plan development, development pro-forma, and other efforts that build capacity of local government to spur affordable housing. AHA plans and proforma typically cost between \$20,000 and \$50,000, depending on complexity of the scope of work. Assuming an average cost of \$50,000 for a plan or proforma, this appropriation could assist at least 10 communities.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

MFA has demonstrated effectiveness and efficiency in administering funding for the AHA. In 2019 MFA deployed \$250,000 in one year to support nine local governments achieve AHA compliance. MFA continues to employ a full time staff person dedicated exclusively to AHA oversight, and if this bill were to pass, this staff person would be responsible for administering the funding to ensure maximum impact.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Local Governments wanting to develop a housing plan and ordinance cite the lack of funding for technical assistance to create a plan as the primary barrier to compliance. AHA compliant governments that have struggled to advance development goals similarly cite the lack of funding for planning activities and pro-forma as the barrier to advancing affordable housing initiatives. Were this bill not to be enacted, a dearth of funding for planning and pro-forma would continue to prevent New Mexico communities from reaching their affordable housing development potential.

AMENDMENTS