

LFC Requestor: Self Assigned

2024 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS

Section I: General

Chamber: Senate

Category: Bill

Number: 71

Type: Introduced

Date (of THIS analysis): January 26, 2024

Sponsor(s): Michael Padilla

Short Title: Create Office of Housing

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Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 24	FY 25		
\$0	\$0	N/A	N/A

Funding for housing instability in general from the Executive Budget Recommendation (p. xi):

“Housing instability and homelessness continue to be challenges for far too many New Mexicans, making it increasingly costly for families and individuals to secure housing. The vision of this administration is a New Mexico where everyone has access to a safe and affordable place to live.

Office of Housing

This year we are recommending a half-a-billion-dollar housing package – the most robust investment in housing in state history. This includes \$250 million in nonrecurring general fund to the New Mexico Mortgage Finance Authority Trust Fund, and \$250 million in nonrecurring general fund to the New Mexico Finance Authority Opportunity Enterprise Fund. These two funds provide direct assistance for renters, homeowners, and people experiencing homelessness, as well as a loan program that provides financing for building or renovation projects. The appropriation also includes \$750 thousand in recurring funds and a \$1 million special appropriation to the Department of Finance and Administration to create an Office of Housing that will oversee the investment.”

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 24	FY 25	FY 26		
\$0	\$0	\$0	NA	NA

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY 24	FY 25	FY 26	3 Year Total Cost	Recurring or Non-recurring	Fund Affected
Total	\$0	\$0	\$0	N/A	N/A	N/A

Section III: Relationship to other legislation

Duplicates: None

Conflicts with: None

Companion to: None

Relates to: Senate Bill 7 (SB7), Senate Bill 31 (SB31), Senate Bill 212 (SB212), Senate Bill 216 (SB216)

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

Section IV: Narrative

1. BILL SUMMARY

a) Synopsis

Senate Bill 71 (SB71) proposes to create the Office of Housing, provides powers and duties for the development and update of the state housing plan, and adds the Director of the Office of Housing to the New Mexico Mortgage Finance Authority, and declares an emergency.

SB 71 proposes:

- To create the Office of Housing which will:
 - Study, evaluate, and coordinate housing across jurisdictions statewide;
 - Provide the diverse stakeholders and agencies involved in housing in New Mexico a space to share resources, establish common goals, and minimize duplication of efforts;
 - Develop and submit the state housing plan to the governor and the legislature by July 1, 2024 in cooperation with state agencies, the finance authority, regional housing authorities, local governments, tribal governments, and private sector housing stakeholders, and update the plan by January 1 of each year;
 - Provide technical assistance and training to local governments and Indian Nations, Tribes and Pueblos in developing housing plans in alignment with the state housing plan;
 - Assist the New Mexico Mortgage Finance Authority and the New Mexico

- Finance Authority in coordinating funding;
- Address evaluation and coordination of real property and infrastructure that is residential housing across jurisdictions statewide, including housing investment, development, infrastructure, revitalization, equity, stability, quality, and standards;
- Collect, report, and evaluate data on housing market, housing availability, duplications of services and finance efforts, progress, successes and impacts of state, regional and local housing programs.
- To provide powers and duties to the Director of the Office of Housing who is appointed by the governor.
- An amendment to change the number of members who compose the New Mexico Mortgage Finance Authority from seven (as stipulated in NMSA 1978) to eight, with the eighth member being the Director of the Office of Housing; and
- Declare an emergency and for this act to take effect immediately.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

Unhealthy housing is associated with poor health. For example, homes built before 1978 (especially with peeling paint) are associated with lead poisoning, particularly in children. Water leaks or poor ventilation can lead to mold which in turn is associated with asthma and other respiratory problems ([CDC – A Healthy Home for Everyone](#)). In addition, substandard housing poses an increased risk to residents for fires, electrical injuries, rodent bites, and other injuries and illnesses. Exposure to pesticide residues, indoor toxicants, tobacco smoke and combustion gases in the home also contribute to poor health for residents ([CDC – Healthy Housing Reference Manual](#)).

A housing needs assessment found that people living in rural parts of New Mexico have limited access to quality housing options and housing services. NMDOH’s Environmental Health Epidemiology Bureau (EHEB) received a CDC grant that developed a New Mexico Healthy Homes Strategic Plan to reduce or eliminate housing-related hazards and promote housing that is healthy, safe, affordable, and accessible. A part of the strategic plan was the NM Communities: An Assessment of Healthy Home Needs ([NMDOH – Assessment of Healthy Home Needs](#)). For this needs assessment, the NM Mortgage Finance Authority (MFA) calculated communities’ overall risks related to household composition and housing stock. The three largest metropolitan areas (Albuquerque, Las Cruces, and Santa Fe) were excluded so they would not skew the data. MFA identified 64 communities that have a high percentage of housing built before 1949; more than a third of these communities are in the southeast and southwest regions of the state. MFA estimated that a total of 271,324 housing units statewide are at risk of lead-

based paint contamination and that the majority of these units are owner-occupied, rather than renter-occupied. Statewide, more than 33% of owner-occupied households and more than 42% of renter-occupied households are cost-burdened. The northeast region has the highest percentage (37.1%) of cost-burdened owner-occupied households, while the Albuquerque metro region (45.9%), followed closely by the southwest region (44.5%), has the highest percentage of cost-burdened renter-occupied households. A cost-burdened household is more likely to experience certain housing-related health risks because it has less money available to spend on maintenance and repair of the home. The needs assessment has profiles for several cities around the state with demographic information, including household income compared to the state average, and household information including percent cost-burdened and percent older homes for that community.

17% of New Mexicans experience severe housing problems, the 13th highest rate in the country. Severe housing problems were defined as experiencing at least one of the four following issues: overcrowding, high housing costs, lack of kitchen facilities, or lack of plumbing facilities. Housing problems are not evenly distributed: McKinley County has the most severe housing problems (29%), followed by Roosevelt County at 20%, and Cibola and Doña Ana counties at 19% ([County Health Rankings – Severe Housing Problems](#)). Additionally, 14% of households spent at least half of their income on housing, ranging from 4% (Los Alamos County) to 16% (Bernalillo, Santa Fe, and San Miguel counties) ([County Health Rankings – New Mexico Severe Housing Cost Burden](#)). However, 73% of extremely low income (income at or below the poverty guideline or 30% of area median income) renter households spend at least half of their income on housing. In New Mexico, this translates to almost 50,000 renter households. Of the extremely low-income renter households, 22% are disabled and 25% are senior. A little more than a third were in the workforce (https://nlihc.org/sites/default/files/SHP_NM.pdf).

Given the importance of housing and the urgent need to find solutions to common housing problems, it is notable that New Mexico does not have a lead state level agency established for this purpose. In many states, a lead housing agency is responsible for supporting and convening critical partners and stakeholders and developing comprehensive, strategically driven approaches to promoting housing development for all income levels. SB71 proposes The Housing Office serve as a critical linkage to other levels of government working in the housing space and be responsible for ensuring other state agencies work in alignment with the state housing plan. The Housing Office would also consolidate services, enable the development of expertise, and provide a focus for efforts to address housing issues. A bill comparable to SB71 was introduced in 2023 (HB0414) but the bill did not pass. SB71 would affect agencies such as the NM Mortgage Finance Authority, Department of Finance and Administration, but likely many others as additional services related to housing are identified and the work of other state agencies are brought into alignment with the state housing plan.

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?
 Yes No
- Is this proposal related to the NMDOH Strategic Plan? Yes No
 - Goal 1:** We expand equitable access to services for all New Mexicans
 - Goal 2:** We ensure safety in New Mexico healthcare environments
 - Goal 3:** We improve health status for all New Mexicans
 - Goal 4:** We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals.

3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?
 Yes No N/A
- If there is an appropriation, is it included in the LFC Budget Request?
 Yes No N/A
- Does this bill have a fiscal impact on NMDOH? Yes No

Will this bill have an administrative impact on NMDOH? Yes No

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

SB71 relates to SB7 which appropriates five hundred million dollars (\$500,000,000) from the general fund to the New Mexico housing trust fund; SB31, which appropriates five hundred thousand dollars (\$500,000) from the general fund to the department of finance and administration for the New Mexico mortgage finance authority for the Affordable Housing Act; SB212 which requires regional housing authorities to develop and implement five-year affordable housing plans, and SB216 which allows the New Mexico Finance Authority Act to provide financing for affordable housing projects.

6. TECHNICAL ISSUES

Are there technical issues with the bill? Yes No

7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written? Yes No
Section 2 of SB71 proposes to update Section 58-18-4 NMSA 1978 (being Laws 1975, Chapter 303, Section 4, as amended)
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? Yes No
- Does this bill conflict with federal grant requirements or associated regulations?
 Yes No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? Yes No

8. DISPARITIES ISSUES

a. SB71 includes direction that the Office of Housing shall include “strategies to eliminate housing discrimination and housing inequities.”

In 2022, 15% or an estimated 249,000 NM adults experienced a time in the previous year where they could not pay their mortgage, rent, or utility bills, however, some NM populations were more likely to experience this form of housing insecurity than others:

- One in four (25%) American Indian or Alaska Native New Mexico adults and one out of every three Black or African American New Mexico Adults (34%) experienced housing insecurity.
- Not being able to pay mortgage, rent, or utility bills was more common among adults, aged 18-44, (19% experienced housing insecurity) than adults ages 65 and older (7% experienced housing insecurity).
- Adults with at least one disability were more than twice as likely to have experienced housing insecurity (24% experienced housing insecurity) than adults with no disability (11% experienced housing insecurity).
- Estimates of NM adults who could not pay their rent, mortgage, or utility bills varied significantly by county with an estimated 5% of NM adults in Los Alamos experiencing this form of housing insecurity up to an estimated 23% of NM adults in Curry County experiencing this form of housing insecurity (New Mexico Department of Health, New Mexico Behavioral Risk Factor Surveillance System, 2022).

b. Socially vulnerable populations are at increased risk during public health emergencies because of factors including housing status. The CDC/ATSDR Social Vulnerability Index (SVI) is a tool to help public health officials meet the needs of socially vulnerable populations ([CDC/ATSDR Social Vulnerability Index](#)) using available U.S. Census data. One measure in the SVI, is the number of housing cost-

burdened which is the number of households that spend 30% or more of annual income on housing costs. In 2020, an estimated 212,108 New Mexico households were housing cost-burdened. Counties with the highest number of housing cost-burdened households were Bernalillo (31% were housing cost-burdened), Doña Ana (30% were housing cost-burdened), and Curry County (29% were housing cost-burdened). Los Alamos County had the lowest number of housing cost-burdened homes in New Mexico (10% were housing-cost burdened) ([CDC/ATSDR SVI Data and Documentation Download](#)).

- c. Housing access is a health disparity issue.** SB71 would create strategies to eliminate housing discrimination and housing inequities. NM residents with housing stability or housing insecurity issues were more likely to experience health issues of major public health concern. In 2021, NM high school students residing in unstable housing were 56 times as likely to have recently used heroin (20% used heroin) than students in stable housing (0.35% used heroin) (New Mexico Department of Health, New Mexico Youth Risk and Resiliency Survey, 2021). In 2022, among New Mexico adults who could not pay their mortgage, rent, or utility bills in the past 12 months, one in nine (12%) seriously considered attempting suicide in the past 12 months (New Mexico Department of Health, New Mexico Behavioral Risk Factor Surveillance System, 2022). Eliminating housing discrimination and housing inequities may positively impact the health of New Mexicans impacted by these social determinants of health.

9. HEALTH IMPACT(S)

a. Eliminating housing discrimination and housing inequities is a strategy that falls under the social determinant of health framework. SB0071 includes direction that the Office of Housing shall include “strategies to eliminate housing discrimination and housing inequities”. Social determinants of health are drivers of important health outcomes and are key priority areas of the Centers for Disease Control and Prevention (CDC) as well as one of the three priority areas of Health and Human Services Healthy People 2030 document which sets national public health priorities. Social Determinants of Health include nonmedical factors that influence health outcomes including economic policies which impact the built environment including equity in housing access ([Social Determinants of Health at CDC](#)).

b. New Mexico Adults with housing insecurity experienced serious health concerns. In 2022, NM adults who could not pay their mortgage, rent, or utility bills at least one in the past 12 months were more than two and a half times as likely to have experienced frequent mental distress (34% experienced frequent mental distress) than adults who did not experience this form of housing insecurity (13% experienced frequent mental distress). NM Adults who could not pay their rent, mortgage, or utility bills often also had a serious health condition including:

- Cancer (12% ever diagnosed with cancer)
- Diabetes (18% ever diagnosed with diabetes)
- Asthma (22% ever diagnosed with asthma)
- A physical disability (37% had a physical disability)

- Depression (39% ever diagnosed with depression) (New Mexico Department of Health, New Mexico Behavioral Risk Factor Surveillance System, 2022).
- c. New Mexico youth in unstable housing were vulnerable to many health issues.** In 2021, one in every thirty-three high school students (3%) experienced housing instability (housing instability means they did not usually sleep in a parent or guardian’s home in the past 30 days). 63% of all high school students who used heroin in the past 30 days lived in unstable housing. Nearly two thirds of students in unstable housing went hungry at least sometimes (62% went hungry) (New Mexico Department of Health, New Mexico Youth Risk and Resiliency Survey, 2021).
- d. Overcrowding, substandard housing conditions, and infectious disease transmission and mortality among American Indian and Alaska Native communities.** One 2017 HUD study found:
- Physical deficiencies in plumbing, kitchen, heating, electrical, and maintenance issues were found in 23% of tribal households compared with 5% of all U.S. households.
 - 17% of households were estimated to have at least one doubled-up person staying in the household because they have nowhere else to go; and
 - Overcrowding combined with a physical problem was found in 34% of tribal households compared with 7% of all U.S. households ([Assessment of Native American, Alaska Native, and Native Hawaiian Housing Needs | HUD USER](#))

In 2020-2021, NM American Indian and Alaska Native persons were disproportionately impacted by COVID-19 mortality with an age-adjusted rate of death (390.6 COVID-19 deaths per 100,000 persons) that was six times higher than the rate of death among NM White residents (62.2 per 100,000 persons) ([NMDOH IBIS – Age-adjusted death rates, 2020-2021](#)). Addressing housing conditions, overcrowding and general health disparities in housing access may reduce mortality in public health emergencies ([CDC/ATSDR Social Vulnerability Index](#)).

- e. Housing, data, and public health.** SB71 also states that the Office of Housing shall “evaluate housing data to identify: (a) geographic gaps in housing availability”. Several studies have indicated the impact of housing policy and access on population health. One study found that a 10% increase in home ownership was associated with a 2% decrease in the percentage of people with a chronic disease ([Munford, L, et al, 2020](#)). Another 2018 meta-analysis found that “homeowners who are behind in their mortgage payments are also more likely to lack a sufficient supply of food and to go without prescribed medications, compared to those who did not fall behind on payments” ([Taylor, 2018](#)). One study which considered four pillars of housing (1. Housing affordability; 2. Housing quality; 3. Residential stability; and 4. Neighborhood opportunity) found relationships with health including higher rates of chronic diseases, higher rates of some infectious diseases, “poorer self-rated health, healthcare access, and mental health outcomes” as well as child “developmental and behavioral problems” among persons with housing instability ([Swope, C, & Hernandez, D, 2019](#)).

10. ALTERNATIVES

None.

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If SB71 is not enacted, then the Office of Housing will not be created, powers and duties will not be provided to develop and update the state housing plan, the director of the office of housing will not be added as the eighth member to the New Mexico mortgage finance authority, and the emergency will not be declared.

12. AMENDMENTS

None.