

LFC Requester:	Emily Hilla
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**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 24, 2024

Bill No: SB 138

Sponsor: Antonio Maestas
Short Title: CREATE DEMOLITION FUND

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		
	\$10,000	Nonrecurring	General

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(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						

(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

Senate Bill 138 creates a demolition fund within the Local Government Division of the Department of Finance and Administration for the purpose of granting funds to counties and municipalities to demolished condemned residential properties. The bill makes a one-time, non-reverting \$10 million appropriation to the fund for expenditure beginning in state fiscal year 2025.

FISCAL IMPLICATIONS

The passage of Senate Bill 138 would result in a one-time, non-reverting \$10 million appropriation to the demolition fund for expenditure beginning in state fiscal year 2025.

SIGNIFICANT ISSUES

Vacant, abandoned, and deteriorated (VAD) properties have significant negative impacts on communities, among which include:

- Reduced value of surrounding properties that in turn reduces municipal revenue collected through property taxes;
- Maintenance and abatement cost to local governments; and
- Public safety cost from violent and property crimes associated with blighted properties.

Through its outreach to local governments, MFA has heard the need to address the issue of VAD properties through condemnation, demolition, and redevelopment. However, the primary barrier to acting is the lack of funding for staff capacity and legal costs associated with the condemnation process and demolition. Based on this feedback, MFA suggest that the demolition fund, were it created, allow for use of operational funds for staff, inspections, and legal proceedings to condemn properties in the following instances:

- The property has been abandoned for an extended period of time as regulated by local ordinance;
- It is dilapidated and/or deteriorated to the point it is no longer structurally sound; or
- It is considered unsafe or unsanitary.

Such flexibilities would make the fund an important resource for redevelopment in New Mexico.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS