

HOUSE RURAL DEVELOPMENT, LAND GRANTS AND CULTURAL AFFAIRS
COMMITTEE SUBSTITUTE FOR
HOUSE BILL 194

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

DISCUSSION DRAFT

AN ACT

RELATING TO MUNICIPALITIES; EXPANDING THE METROPOLITAN REDEVELOPMENT CODE TO INCLUDE HOUSING SHORTAGE AREAS; EXPANDING THE SCOPE OF METROPOLITAN REDEVELOPMENT PROJECTS; ALLOWING A LOCAL GOVERNMENT TO PROVIDE FOR PERIODIC INSPECTIONS OF PROPERTY CONSTRUCTED PURSUANT TO A METROPOLITAN REDEVELOPMENT PLAN; PRESCRIBING DUTIES OF LOCAL GOVERNMENTS; PRESCRIBING CIVIL AND CRIMINAL PENALTIES; PROVIDING FOR ATTORNEY GENERAL ENFORCEMENT; EXEMPTING A QUALIFYING MULTIFAMILY PROPERTY IN A HOUSING SHORTAGE AREA FROM PROPERTY TAXATION FOR UP TO FOURTEEN YEARS PURSUANT TO THE METROPOLITAN REDEVELOPMENT CODE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 3-60A-2 NMSA 1978 (being Laws 1979, Chapter 391, Section 2, as amended) is amended to read:

"3-60A-2. FINDINGS AND DECLARATIONS OF NECESSITY.--

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1 A. It is found and declared that there exist in the
2 state slum areas, [and] blighted areas and housing shortage
3 areas that constitute a serious and growing menace, injurious
4 to the public health, safety, morals and welfare of the
5 residents of the state; that the existence of these areas
6 contributes substantially to the spread of disease and crime,
7 constitutes an economic and social burden, substantially
8 impairs or arrests the sound and orderly development of many
9 areas of the state and retards the maintenance and expansion of
10 necessary housing accommodations; that economic and commercial
11 activities are lessened in those areas by the slum or blighted
12 conditions, and the effects of these conditions include less
13 employment in the area, lower property values, less gross
14 receipts tax revenue and reduced use of buildings, residential
15 dwellings and other facilities in the area; that the prevention
16 and elimination of slum areas and blighted areas, the
17 construction of affordable housing accommodations and the
18 prevention and elimination of conditions that impair sound and
19 orderly development [is] are a matter of state policy and
20 concern in order that the state shall not continue to be
21 endangered by these areas that contribute little to the tax
22 income of the state and its local governments and that consume
23 an excessive proportion of its revenues because of the extra
24 services required for police, fire, accident, hospitalization
25 or other forms of public protection, services and facilities.

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1 B. Certain slum areas, [and] blighted areas and
2 housing shortage areas, or portions thereof, may require land
3 acquisition and clearance by local government, since prevailing
4 conditions may make impracticable their reclamation or
5 development; other areas or portions of the slum or blighted
6 area may be suitable for conservation or rehabilitation efforts
7 and the conditions and evils enumerated in Subsection A of this
8 section may be eliminated, remedied or prevented by those
9 efforts; and to the extent feasible:

10 (1) salvageable slum and blighted areas should
11 be conserved and rehabilitated through voluntary action and the
12 regulatory process and, when necessary, by government
13 assistance; and

14 (2) additional multifamily housing should be
15 developed through voluntary action and the regulatory process
16 and, when necessary, by government assistance.

17 C. The powers conferred by the Metropolitan
18 Redevelopment Code regarding the use of public money are for
19 public uses or purposes for which public money may be expended.
20 The individual benefits accruing to persons as the result of
21 the powers conferred by the Metropolitan Redevelopment Code and
22 projects conducted in accordance with its provisions are found
23 and declared to be incidental to the objectives of that code
24 and are far outweighed by the benefit to the public as a whole.
25 Activities authorized and powers granted by the Metropolitan

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1 Redevelopment Code are hereby declared not to result in a
2 donation or aid to any person, association or public or private
3 organization or enterprise. The necessity for these provisions
4 and the power is declared to be in the public interest as a
5 matter of legislative determination."

6 SECTION 2. Section 3-60A-4 NMSA 1978 (being Laws 1979,
7 Chapter 391, Section 4, as amended) is amended to read:

8 "3-60A-4. DEFINITIONS.--As used in the Metropolitan
9 Redevelopment Code:

10 A. "public body" means a local government, board,
11 commission, authority, district or other political subdivision
12 or public body of the state;

13 B. "local government" means an incorporated city,
14 town or village, whether incorporated under general act,
15 special act or special charter, or a county or, when the
16 context requires, the governing body of an incorporated city,
17 town or village or a county;

18 C. "clerk" means the clerk or other official of a
19 local government who is the chief custodian of the official
20 records of the local government;

21 D. "federal government" means the United States of
22 America or an agency or instrumentality, corporate or
23 otherwise, of the United States;

24 E. "slum area" means an area within the area of
25 operation in which there are numerous residential or

1 nonresidential buildings, improvements and structures that are
2 dilapidated, deteriorated, aged or obsolete or that have
3 inadequate provision for ventilation, light, air or sanitation
4 or the area lacks open spaces or has a high density of
5 population or overcrowding or there exist in the area
6 conditions that endanger life or property by fire or other
7 causes, and the area is conducive to ill health, transmission
8 of disease, infant mortality, juvenile delinquency or crime and
9 is detrimental to the public health, safety, morals or welfare;

10 F. "blighted area" means an area within the area of
11 operation other than a slum area that substantially impairs or
12 arrests the sound growth and economic health and well-being
13 within the jurisdiction of a local government or a locale
14 within the jurisdiction of a local government because of the
15 presence of a substantial number of deteriorated or
16 deteriorating structures; a predominance of defective or
17 inadequate street layout; faulty lot layout in relation to
18 size, adequacy, accessibility or usefulness; unsanitary or
19 unsafe conditions; deterioration of site or other improvements;
20 diversity of ownership; tax or special assessment delinquency
21 exceeding the fair value of the land; defective or unusual
22 conditions of title; improper subdivision; lack of adequate
23 housing facilities in the area; or obsolete or impractical
24 planning and platting or an area where a significant number of
25 commercial or mercantile businesses have closed or

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1 significantly reduced their operations due to the economic
2 losses or loss of profit due to operating in the area, low
3 levels of commercial or industrial activity or redevelopment or
4 any combination of such factors; or an area that retards the
5 provisions of housing accommodations or constitutes an economic
6 or social burden and is a menace to the public health, safety,
7 morals or welfare in its present condition and use;

8 G. "housing shortage area" means an area within the
9 jurisdiction of a local government that is experiencing:

10 (1) a shortage of housing that is affordable
11 to households earning at or below the area median income;

12 (2) rising housing costs that outpace wage
13 growth;

14 (3) low vacancy rates;

15 (4) excessive housing costs;

16 (5) an inadequate supply of multifamily or
17 workforce housing; or

18 (6) any combination of factors delineated in
19 Paragraphs (1) through (5) of this subsection;

20 [G.] H. "metropolitan redevelopment project" or
21 "project" means an activity, undertaking or series of
22 activities or undertakings designed to:

23 (1) eliminate slums or blighted areas in areas
24 designated as metropolitan redevelopment areas and the activity
25 or undertaking conforms to an approved plan for the area for

1 slum clearance and redevelopment, rehabilitation and
2 conservation; or

3 (2) provide for qualifying multifamily units
4 in a housing shortage area designated as a metropolitan
5 redevelopment area;

6 [H.] I. "slum clearance and redevelopment" means
7 the use of those powers authorized by the Metropolitan
8 Redevelopment Code to eliminate slum areas and undertake
9 activities authorized by the Metropolitan Redevelopment Code to
10 rejuvenate or revitalize those areas so that the conditions
11 that caused those areas to be designated slum areas are
12 eliminated;

13 [I.] J. "rehabilitation" or "conservation" means
14 the restoration and renewal of a slum, [or] blighted area or
15 housing shortage area or portion thereof in accordance with an
16 approved plan by use of powers granted by the Metropolitan
17 Redevelopment Code;

18 [J.] K. "metropolitan redevelopment area" means a
19 slum area, [or] a blighted area or a housing shortage area, or
20 a combination thereof, that the local government so finds and
21 declares and designates as appropriate for a metropolitan
22 redevelopment project, including a project for the development
23 of qualifying multifamily properties and qualifying multifamily
24 units;

25 [K.] L. "metropolitan redevelopment plan" means a

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1 plan ~~[as it exists from time to time]~~ for one or more
2 metropolitan redevelopment areas or for a metropolitan
3 redevelopment project, which plan shall:

4 (1) seek to eliminate the problems created by
5 a slum area, ~~[or]~~ a blighted area or a housing shortage area;

6 (2) conform to the general plan for the local
7 government as a whole; and

8 (3) be sufficient to indicate the proposed
9 activities to be carried out in the area, including any
10 proposals for land acquisition; proposals for demolition and
11 removal of structures; redevelopment; proposals for
12 improvements, rehabilitation and conservation; zoning and
13 planning changes; land uses, maximum densities, building
14 restrictions and requirements; and the plan's relationship to
15 definite local objectives respecting land uses, improved
16 traffic patterns and controls, public transportation, public
17 utilities, recreational and community facilities, housing
18 facilities, commercial activities or enterprises, industrial or
19 manufacturing use and other public improvements;

20 [L.] M. "real property" includes all lands,
21 including improvements and fixtures thereon, and property of
22 any nature appurtenant thereto or used in connection therewith
23 and every estate, interest, right and use, legal or equitable,
24 therein, including terms for years and liens by way of
25 judgment, mortgage or otherwise;

1 [M.] N. "bonds" means any bonds, including
2 refunding bonds, notes, interim certificates, certification of
3 indebtedness, debentures, metropolitan redevelopment bonds or
4 other securities evidencing an obligation and issued under the
5 provisions of the Metropolitan Redevelopment Code or other
6 obligations;

7 [N.] O. "obligee" includes a bondholder, agent or
8 trustee for a bondholder or lessor demising to the local
9 government property used in connection with a metropolitan
10 redevelopment project or any assignee or assignees of such
11 lessor's interest or any part thereof;

12 [O.] P. "person" means an individual, firm,
13 partnership, corporation, company, association, joint stock
14 association or body politic or the state or any political
15 subdivision thereof and shall further include any trustee,
16 receiver, assignee or other person acting in a similar
17 representative capacity;

18 [P.] Q. "area of operation" means an area within a
19 local government's jurisdiction, except that it shall not
20 include an area that lies within the jurisdiction of another
21 local government unless an ordinance has been adopted by the
22 other local government declaring a need therefor;

23 [Q.] R. "board" or "commission" means a board,
24 commission, department, division, office, body or other unit of
25 a local government designated by the local government to

1 perform functions authorized by the Metropolitan Redevelopment
2 Code as directed by the local government;

3 [R.] S. "public officer" means any person who is in
4 charge of any department or branch of government of the local
5 government; [and

6 [S.] T. "fair value" means the negotiated price or
7 value of an asset or liability agreed upon by a local
8 government and a private entity;

9 U. "qualifying multifamily property" means a
10 residential multifamily development in which:

11 (1) five or more dwelling units are available
12 for lease for periods of one month or more;

13 (2) a minimum of twenty percent of all of the
14 dwelling units within the development are qualifying
15 multifamily units;

16 (3) the average area median income of
17 residents occupying qualifying multifamily units is not more
18 than eighty percent of the area median income; and

19 (4) dwelling units are leased or available to
20 lease at an average rent amount equal to or less than the rent
21 amount for eighty percent of the area median income for one and
22 one-half persons, taking into account unit types, as shown on
23 current income and rent limit tables for the applicable area
24 published by the United States department of housing and urban
25 development;

1 V. "qualifying multifamily unit" means a
2 residential dwelling unit that is available to lease or that is
3 leased to a household whose income is not more than ninety-five
4 percent of the applicable area median income; and

5 W. "area median income" means the median income for
6 the immediate geographic area in which the household is
7 located, adjusted for family size, as determined by the United
8 States department of housing and urban development."

9 SECTION 3. Section 3-60A-7 NMSA 1978 (being Laws 1979,
10 Chapter 391, Section 7, as amended) is amended to read:

11 "3-60A-7. FINDING OF NECESSITY BY LOCAL GOVERNMENT.--No
12 local government shall exercise any of the powers conferred
13 upon local governments by the Redevelopment Law until the local
14 government has adopted a resolution finding that:

15 A. one or more slum areas, [or] blighted areas or
16 housing shortage areas exist in the local government's
17 jurisdiction; and

18 B. the rehabilitation, conservation, slum
19 clearance, redevelopment, [or] development, construction or
20 designation of qualifying multifamily units or a combination
21 thereof, of and in such area is necessary in the interest of
22 the public health, safety, morals or welfare of the residents
23 of the local government's jurisdiction."

24 SECTION 4. Section 3-60A-8 NMSA 1978 (being Laws 1979,
25 Chapter 391, Section 8, as amended) is amended to read:

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1 "3-60A-8. DESIGNATION OF A METROPOLITAN REDEVELOPMENT
2 AREA.--

3 A. A local government shall not prepare a
4 metropolitan redevelopment plan for an area unless the local
5 government has, by resolution, determined the area to be a slum
6 area, [or] a blighted area or a housing shortage area, or a
7 combination thereof, and designated the area as appropriate for
8 a metropolitan redevelopment project, which resolution may be
9 adopted only after the local government has caused to be
10 published in a newspaper of general circulation within the area
11 of operation of the local government a notice that contains a
12 general description of the area and the date, time and place
13 where the local government shall hold a public hearing to
14 consider the resolution and a notice that any interested party
15 may appear and speak to the issue of the adoption of the
16 resolution.

17 B. A local government may declare any area or areas
18 in its jurisdiction as a housing shortage area and metropolitan
19 redevelopment area applicable only to qualifying multifamily
20 properties. A local government may identify a housing shortage
21 area by map, narrative description, reference to specific
22 zoning categories or other method that reasonably identifies
23 the designated area.

24 [B.] C. Notice shall be published at least twice,
25 and the last publication shall be not less than twenty days

1 before the hearing. The owner of any real property affected by
2 the resolution has the right to file in the district court of
3 the county within which the local government is located, within
4 twenty days after the adoption of the resolution, an action to
5 set aside the determination made by the local government.

6 [C.] D. A local government shall not acquire real
7 property for a metropolitan redevelopment project unless the
8 local government has approved a metropolitan redevelopment plan
9 relating to the metropolitan redevelopment area in which the
10 real property is located."

11 SECTION 5. Section 3-60A-9 NMSA 1978 (being Laws 1979,
12 Chapter 391, Section 9, as amended) is amended to read:

13 "3-60A-9. PREPARATION OF A METROPOLITAN REDEVELOPMENT
14 PLAN.--

15 A. When a local government has complied with the
16 provisions of the Redevelopment Law concerning public hearing
17 and designation of an area as a metropolitan redevelopment
18 area, it may prepare or cause to be prepared a metropolitan
19 redevelopment plan; however, prior to final consideration of
20 the plan by the local government, the plan shall be the subject
21 of at least one public hearing held by the local government or
22 the local government's planning commission, at which time
23 comments from the public as a whole can be gathered and
24 considered by the local government in its preparation of the
25 final plan. The local government may hold a public hearing for

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1 purposes of approval of the proposed plan, as provided in
2 Subsection B of this section, only after the hearing required
3 by this subsection.

4 B. The local government shall hold a public hearing
5 on a metropolitan redevelopment plan or substantial
6 modification of an approved plan after public notice by
7 publication in a newspaper having a general circulation in the
8 area of operation of the local government. The notice shall
9 describe the time, date, place and purpose of the hearing,
10 shall generally identify the area covered by the plan and shall
11 outline the general scope of the metropolitan redevelopment
12 project under consideration. Prior to the public hearing on
13 this matter, notice of the public hearing shall be mailed by
14 first class mail to the owners of real property in the
15 metropolitan redevelopment area. The mailing shall be to the
16 owner's address as shown on the records of the county
17 treasurer. If the notice by first class mail to the owner is
18 returned undelivered, the local government shall attempt to
19 discover the owner's most recent address and shall remail the
20 notice by certified mail, return receipt requested, to the
21 address.

22 C. Following the public hearing, the local
23 government may approve a metropolitan redevelopment plan if it
24 finds that:

25 (1) the proposed activities will aid in the

1 elimination or prevention of slum or blight or the conditions
2 that lead to the development of slum or blight; or the proposed
3 plan will aid in the construction, rehabilitation or
4 designation of qualifying multifamily properties or qualifying
5 multifamily units within a housing shortage area;

6 (2) a feasible method is included in the plan
7 to provide individuals and families who occupy residential
8 dwellings in the metropolitan redevelopment area and who may be
9 displaced by the proposed activities with decent, safe and
10 sanitary dwelling accommodations within their means and without
11 undue hardship to such individuals and families;

12 (3) the plan conforms to the general plan for
13 the local government; and

14 (4) the plan affords maximum opportunity
15 consistent with the needs of the community for the:

16 (a) rehabilitation or redevelopment of
17 the area by private enterprise or persons and the objectives of
18 the plan justify the proposed activities as public purposes and
19 needs; or

20 (b) construction or designation of
21 qualifying multifamily properties within the housing shortage
22 area by private enterprise or persons and the objectives of the
23 plan justify the proposed activities as public purposes and
24 needs.

25 D. A metropolitan redevelopment plan may be

1 modified at any time; however, if the plan is modified after
2 the lease or sale by the local government of real property in
3 the project area, the modification shall be subject to any
4 rights at law or in equity a lessee or purchaser or the
5 lessee's or purchaser's successors in interest may be entitled
6 to assert. Any proposed modification that will substantially
7 change the plan as previously approved by the local government
8 shall be subject to the requirements of this section, including
9 the requirement of a public hearing, before it may be
10 approved."

11 **SECTION 6.** Section 3-60A-10 NMSA 1978 (being Laws 1979,
12 Chapter 391, Section 10, as amended) is amended to read:

13 "3-60A-10. POWERS OF LOCAL GOVERNMENT.--A local
14 government shall have all the powers, other than the power of
15 eminent domain, necessary or convenient to carry out and
16 effectuate the purposes and provisions of the Metropolitan
17 Redevelopment Code, including the following powers:

18 A. to undertake and carry out metropolitan
19 redevelopment projects within its area of operation, including
20 clearance and redevelopment, rehabilitation, conservation and
21 development activities and programs; to make, enter into and
22 execute contracts and other agreements and instruments
23 necessary or convenient to the exercise of its powers under the
24 Redevelopment Law; and to disseminate information regarding
25 slum clearance, prevention of blight and the metropolitan

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1 redevelopment projects and areas;

2 B. to provide, arrange or contract for the furnishing
3 or repair by a public or private person or agency for services,
4 privileges, works, streets, roads, public utilities, public
5 buildings or other facilities for or in connection with a
6 metropolitan redevelopment project; to, within its area of
7 operation, install, acquire, construct, reconstruct, remodel,
8 rehabilitate, maintain and operate streets, utilities, parks,
9 buildings, playgrounds and public buildings, including parking
10 facilities, transportation centers, public safety buildings and
11 other public improvements or facilities or improvements for
12 public purposes, as may be required by the local government,
13 the state or a political subdivision of the state; to agree to
14 conditions that it may deem reasonable and appropriate that are
15 attached to federal financial assistance and imposed pursuant
16 to federal law, including conditions relating to the
17 determination of prevailing salaries or wages or compliance
18 with federal and state labor standards, compliance with federal
19 property acquisition policy and the provision of relocation
20 assistance in accordance with federal law in the undertaking or
21 carrying out of a metropolitan redevelopment project; and to
22 include in a contract let in connection with the project
23 provisions to fulfill these conditions as it may deem
24 reasonable and appropriate; provided, however, that all
25 purchases of personal property shall be in accordance with the

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1 Procurement Code;

2 C. within its area of operation, to inspect any
3 building or property in a metropolitan redevelopment area in
4 order to make surveys, appraisals, soundings or test borings
5 and to obtain an order for this purpose from a court of
6 competent jurisdiction in the event inspection is denied by the
7 property owner or occupant; to acquire, by purchase, lease,
8 option, gift, grant, bequest, devise or otherwise, any real
9 property or personal property for its administrative or project
10 purposes, together with any improvements thereon; to hold,
11 improve, clear or prepare for redevelopment any such property;
12 to mortgage, pledge, hypothecate or otherwise encumber or
13 dispose of any real property; to insure or provide for the
14 insurance of real or personal property or operations of the
15 local government against risks or hazards, including the power
16 to pay premiums on that insurance; and to enter into contracts
17 necessary to effectuate the purposes of the Metropolitan
18 Redevelopment Code;

19 D. to invest metropolitan redevelopment project funds
20 held in reserve, sinking funds or other project funds that are
21 not required for immediate disbursement in property or
22 securities in which local governments may legally invest funds
23 subject to their control; to redeem bonds as have been issued
24 pursuant to the Metropolitan Redevelopment Code at the
25 redemption price established in the bonds or to purchase the

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1 bonds at less than redemption price. Bonds so redeemed or
2 purchased shall be canceled;

3 E. to borrow or lend money subject to those
4 procedures and limitations as may be provided in the
5 constitution of New Mexico or statutes and to apply for and
6 accept advances, loans, grants, contributions and other forms
7 of financial assistance from the federal government, the state,
8 the county or other public body or from sources, public or
9 private, for the purposes of the Metropolitan Redevelopment
10 Code; and to give security as may be required and subject to
11 the provisions and limitations of general law except as may
12 otherwise be provided by the Redevelopment Law and to enter
13 into and carry out contracts in connection with that law. A
14 local government may include in a contract for financial
15 assistance with the federal government for a metropolitan
16 redevelopment project conditions imposed pursuant to federal
17 law that the local government may deem reasonable or
18 appropriate and that are not inconsistent with the purposes of
19 the Metropolitan Redevelopment Code;

20 F. within its area of operation, to make plans
21 necessary for the carrying out of the purposes of the
22 Metropolitan Redevelopment Code and to contract with any
23 person, public or private, in making and carrying out such
24 plans and to adopt or approve, modify and amend the plans. The
25 plans may include without limitation:

(1) a general plan for redevelopment of the area as a whole;

(2) redevelopment plans for specific areas;

(3) plans for programs of voluntary or assisted repair and rehabilitation of buildings and improvements;

(4) plans for the enforcement of state and local laws, codes and regulations relating to the use of land and the use and occupancy of buildings and improvements and to the compulsory repair, rehabilitation, demolition or removal of buildings and improvements; and

(5) appraisals, title searches, surveys, studies and other preliminary plans and work necessary to prepare for the undertaking of metropolitan redevelopment projects;

G. to develop, test and report methods and techniques and carry out demonstrations and other activities for the prevention and elimination of slums and blight and to pay for, accept and use grants of funds from the federal government for those purposes;

H. to prepare plans for the relocation of families displaced from a metropolitan redevelopment area to the extent essential for acquiring possession of and clearing the area or its parts or permit the carrying out of the metropolitan redevelopment project;

I. to appropriate under existing authority the funds and make expenditures necessary to carry out the purposes of

1 the Metropolitan Redevelopment Code and under existing
2 authority to levy taxes and assessments for such purposes; to
3 close, vacate, plan or replan streets, roads, sidewalks, ways
4 or other places; in accordance with applicable law or
5 ordinances, to plan or replan, zone or rezone any part within
6 the jurisdiction of the local government or make exceptions
7 from building regulations; and to enter into agreements with a
8 metropolitan redevelopment agency vested with metropolitan
9 redevelopment project powers, which agreements may extend over
10 any period, notwithstanding any provision or rule of law to the
11 contrary, respecting action to be taken by the local government
12 pursuant to the powers granted by the Redevelopment Law;

13 J. within its area of operation, to organize,
14 coordinate and direct the administration of the provisions of
15 the Redevelopment Law as they apply to the local government in
16 order that the objective of remedying slum areas, [and]
17 blighted areas and housing shortage areas and preventing the
18 causes of those areas within the jurisdiction of the local
19 government may be most effectively promoted and achieved and to
20 establish any new office of the local government or to
21 reorganize existing offices as necessary;

22 K. to acquire real property that is appropriate for
23 the preservation or restoration of historic sites; the
24 beautification of urban land; the conservation of open spaces,
25 natural resources and scenic areas; or the provision of

1 recreational opportunities; or that is to be used for public
2 purposes;

3 L. to engage in the following activities as part of a
4 metropolitan redevelopment project:

5 (1) acquisition, construction, reconstruction or
6 installation of public works, facilities and site or other
7 improvements, including neighborhood facilities, senior citizen
8 centers, historic properties, utilities, streets, street
9 lights, water and sewer facilities, including connections for
10 residential users, foundations and platforms for air-rights
11 sites, pedestrian malls and walkways, parks, playgrounds and
12 other recreation facilities, flood and drainage facilities,
13 parking facilities, solid waste disposal facilities and fire
14 protection or health facilities that serve designated areas;

15 (2) special projects directed to the removal of
16 materials and architectural barriers that restrict the mobility
17 and accessibility of elderly and disabled persons;

18 (3) provision of public services in the
19 metropolitan redevelopment area that are not otherwise
20 available in the area, including the provisions of public
21 services directed to the employment, economic development,
22 crime prevention, child care, health, drug abuse, welfare or
23 recreation needs of the people who reside in the metropolitan
24 redevelopment area;

25 (4) payment of the nonfederal share of any

1 federal grant-in-aid program to the local government that will
2 be a part of a metropolitan redevelopment project;

3 (5) if federal funds are used in the project, to
4 provide for payment of relocation costs and assistance to
5 individuals, families, businesses, organizations and farm
6 operations displaced as a direct result of a metropolitan
7 redevelopment project in accordance with applicable law
8 governing such payment;

9 (6) payment of reasonable administrative costs
10 and carrying charges related to the planning and execution of
11 plans and projects;

12 (7) economic and marketing studies to determine
13 the economic condition of an area and to determine the
14 viability of certain economic ventures proposed for the
15 metropolitan redevelopment area;

16 (8) issuance of bonds, grants or loans as
17 authorized by the Metropolitan Redevelopment Code in accordance
18 with the requirements of that code; and

19 (9) grants to nonprofit corporations, local
20 development corporations or entities organized under Section
21 301 (d) of the federal Small Business Investment Act of 1958
22 for the purposes of carrying out the provisions of the
23 Metropolitan Redevelopment Code;

24 M. in a metropolitan redevelopment project or
25 rehabilitation or conservation undertaking or activity, to

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1 exercise the following powers in one or more metropolitan
2 redevelopment areas to include the increase in qualifying
3 multifamily properties and the elimination and prevention of
4 the development or spread of slums or blight and may involve
5 slum clearance, development and redevelopment in that area or
6 rehabilitation or conservation in that area or any combination
7 or part of those areas in accordance with a metropolitan
8 redevelopment plan and for undertakings or activities of a
9 local government in a metropolitan redevelopment area to
10 increase qualifying multifamily properties or to eliminate the
11 conditions that caused an area to be [so] designated as a slum
12 or blighted area and may include the following:

13 (1) acquisition of real property within the
14 metropolitan redevelopment area pursuant to any powers and for
15 purposes enumerated in the Metropolitan Redevelopment Code;

16 (2) clearing the land, grading the land and
17 replatting the land in accordance with the metropolitan
18 redevelopment plan; installation, construction or
19 reconstruction of roads, streets, gutters, sidewalks, storm
20 drainage facilities, water lines or water supply installations,
21 sewer lines and sewage disposal installations, steam, gas and
22 electric lines and installations, airport facilities and
23 construction of any other needed public facilities or buildings
24 whether on or off the site if deemed necessary by the local
25 government to prepare the land in the metropolitan

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1 redevelopment area for residential, commercial, industrial and
2 public use in accordance with the metropolitan redevelopment
3 plan; and

4 (3) making the land available for development by
5 private enterprise or public agencies, including sale, initial
6 leasing, leasing or retention by the local government itself,
7 at its fair market value for uses in accordance with the
8 metropolitan redevelopment plan for the area;

9 N. the local government is empowered in a
10 metropolitan redevelopment area to undertake qualifying
11 multifamily property development and slum clearance and
12 redevelopment that includes:

13 (1) acquisition of a qualifying multifamily
14 property or slum area or a blighted area or portion thereof;

15 (2) demolition and removal of buildings and
16 improvements;

17 (3) installation, construction, reconstruction,
18 maintenance and operation of streets, utilities, storm drainage
19 facilities, curbs and gutters, parks, playgrounds, single-
20 family or multifamily dwelling units, buildings, public
21 buildings, including parking facilities, transportation
22 centers, safety buildings and other improvements, necessary for
23 carrying out in the area the provisions of an approved plan for
24 the area; and

25 (4) making the real property available for

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1 development or redevelopment by private enterprise or public
2 agencies, including sale, leasing or retention by the local
3 government itself, at its fair value for uses in accordance
4 with the metropolitan redevelopment area plan; and

5 0. to engage in rehabilitation or conservation that
6 includes the restoration and renewal of a qualifying
7 multifamily property or slum or blighted area or portion
8 thereof in accordance with any approved plan, by:

9 (1) carrying out plans for a program of
10 voluntary or compulsory construction or repair and
11 rehabilitation of buildings or other improvements;

12 (2) acquisition of real property and demolition
13 or removal of buildings and improvements thereon where
14 necessary to eliminate unhealthful, unsanitary or unsafe
15 conditions, lessen or increase density, eliminate obsolete or
16 other uses detrimental to the public welfare or to otherwise
17 remove or prevent the spread of blight or deterioration or to
18 provide land for needed public facilities;

19 (3) installation, construction or reconstruction
20 of streets, utilities, parks, playgrounds and other
21 improvements necessary for carrying out in the area the
22 provisions of the Metropolitan Redevelopment Code;

23 (4) the disposition of any property acquired in
24 the area, including sale, leasing or retention by the local
25 government itself, for uses in accordance with an approved

1 plan;

2 (5) acquisition of real property in the area
3 that, under a plan, is to be constructed, repaired or
4 rehabilitated;

5 (6) construction, repair or rehabilitation of
6 structures within the area;

7 (7) power to resell developed, repaired or
8 rehabilitated property;

9 (8) acquisition, without regard to any
10 requirement that the area be a housing shortage area, a slum or
11 a blighted area, of air-rights in an area consisting
12 principally of land on which is located a highway, railway,
13 bridge or subway tracks or tunnel entrance or other similar
14 facilities that have a blighting influence on the surrounding
15 area and over which air-rights sites are to be developed for
16 the construction or designation of qualifying multifamily
17 property or the elimination of such blighting influences; [and]

18 (9) making loans or grants or authorizing the
19 use of the proceeds of bonds issued pursuant to the
20 Metropolitan Redevelopment Code for the purpose of
21 constructing, repairing, remodeling or modifying a building or
22 buildings located in the metropolitan redevelopment area. Such
23 rehabilitation or conservation with use of funds expended by
24 authority of the Metropolitan Redevelopment Code or by
25 metropolitan revenue bonds authorized by that code shall be

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1 authorized after approval by the local government and after it
2 has been determined that the expenditure is in accordance with
3 the metropolitan redevelopment plan for that area; and

4 (10) providing for periodic inspection of
5 properties constructed or rehabilitated pursuant to a
6 metropolitan redevelopment plan to ensure compliance with local
7 rules governing health and safety standards."

8 SECTION 7. Section 3-60A-13.1 NMSA 1978 (being Laws 1985,
9 Chapter 225, Section 2, as amended) is amended to read:

10 "3-60A-13.1. PAYMENTS IN LIEU OF PROPERTY TAXES AND
11 ASSESSMENTS.--

12 A. If interests in project property are exempt from
13 property taxation and assessments under Subsection B of Section
14 3-60A-13 NMSA 1978 or Section 7-36-3.1 NMSA 1978, then during
15 the period extending from the date of acquisition of the
16 property by the local government through December 31 of the
17 year in which the seventh anniversary of that acquisition date
18 occurs, except for qualifying multifamily property, for which
19 the period may be extended up to the fourteenth anniversary if
20 set forth in the applicable metropolitan redevelopment plan
21 adopted by the local government, any lessee of the project
22 property or owner of a substantial beneficial interest in the
23 project property, in whose ownership the property would not be
24 exempt from property taxation except for the exemption granted
25 under Section 7-36-3.1 NMSA 1978, shall pay to the county

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treasurer annually, at the same time property tax payments are due under the Property Tax Code, an amount equal to the sum of:

(1) general property taxes that would have been imposed under Subsection B of Section 7-37-7 NMSA 1978 had it not been exempt and had it been valued at the valuation for property taxation purposes that existed in the year immediately preceding the year of acquisition by the local government;

(2) amounts that would have been imposed under Subsection C of Section 7-37-7 NMSA 1978 on the project property had it not been exempt and had it been valued at the valuation for property taxation purposes that existed in the year immediately preceding the year of acquisition by the local government; and

(3) amounts that would have been imposed as benefit assessments on the project property had it not been exempt and had it been valued at the valuation for property taxation purposes that existed in the year immediately preceding the year of acquisition by the local government if those benefit assessments are authorized by law and are expressed in mills per dollar or dollars per thousand dollars of net taxable value of property, assessed value of property or similar terms.

B. The county treasurer shall distribute all amounts collected under Subsection A of this section in the same manner as the amounts would have been distributed if they had been

1 collected as taxes or assessments on nonexempt property.

2 C. The provisions of this section shall apply only to
3 project property acquired by a local government under the
4 provisions of the Metropolitan Redevelopment Code on or after
5 January 1, 1986."

6 **SECTION 8.** Section 3-60A-15 NMSA 1978 (being Laws 1979,
7 Chapter 391, Section 15, as amended) is amended to read:

8 **"3-60A-15. EXERCISE OF POWERS IN CARRYING OUT PROJECTS.--**

9 A. A local government may directly exercise its
10 metropolitan redevelopment project powers or it may, by
11 ordinance if it determines such action to be in the public
12 interest, elect to delegate the exercise of such powers to the
13 metropolitan redevelopment agency created pursuant to the
14 Redevelopment Law. If the local government so determines, the
15 agency shall be vested with all of the powers in the same
16 manner as though all the powers were conferred on the agency or
17 authority instead of the local government.

18 B. As used in this section, the term "redevelopment
19 project powers" includes any rights, powers, functions and
20 duties of a local government authorized by the Redevelopment
21 Law except the following, which are reserved to the local
22 government, the power to:

23 (1) declare an area to be a housing shortage
24 area, a slum or a blighted area, or combination thereof, and to
25 designate the area as appropriate for a redevelopment project;

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- (2) approve or amend redevelopment plans;
- (3) approve a general plan for the local government as a whole;
- (4) make findings of necessity prior to preparation of a metropolitan redevelopment plan as provided in the Redevelopment Law and the findings and determinations required prior to approval of a metropolitan redevelopment plan or project as provided in the Redevelopment Law;
- (5) issue general obligation bonds and revenue bonds as authorized by law;
- (6) issue redevelopment bonds; and
- (7) appropriate funds and levy taxes and assessments."

SECTION 9. Section 7-36-3.1 NMSA 1978 (being Laws 1979, Chapter 56, Section 2, as amended) is amended to read:

"7-36-3.1. METROPOLITAN REDEVELOPMENT PROPERTY--TAX
STATUS OF LESSEE'S INTERESTS.--

A. Property interests of a lessee in project property held under a lease with respect to a project authorized by the Metropolitan Redevelopment Code and acquired or held by a municipality prior to January 1, 1986 under the provisions of that code are exempt from property taxation for as long as there is an outstanding bonded indebtedness, but in any event for a period not to exceed ten years from the date of execution of the first lease of the project by the municipality.

1 B. Property interests of a lessee of or an owner of a
2 substantial beneficial interest in project property acquired or
3 held by a municipality on or after January 1, 1986 with respect
4 to a project authorized by the Metropolitan Redevelopment Code
5 are exempt from property taxation for a period extending from
6 the date of acquisition of the project property by the
7 municipality through December 31 of the year in which the
8 seventh anniversary of that acquisition date occurs.

9 C. Property interests of a lessee of or an owner of a
10 substantial beneficial interest in a qualifying multifamily
11 property acquired or held by a municipality or county on or
12 after May 20, 2026 with respect to a project to develop
13 qualifying multifamily property authorized by the Metropolitan
14 Redevelopment Code are exempt from property taxation for a
15 period extending from the date of acquisition of the qualifying
16 multifamily property by the municipality or county through
17 December 31 of not later than the fourteenth anniversary of the
18 year in which the acquisition of the qualifying multifamily
19 property occurs."

20 SECTION 10. A new section of the Metropolitan
21 Redevelopment Code, Section 3-60A-10.1 NMSA 1978, is enacted to
22 read:

23 "3-60A-10.1. [NEW MATERIAL] DUTIES OF LOCAL GOVERNMENTS
24 AND LESSEES OR OWNERS OF QUALIFYING MULTIFAMILY PROPERTY.--

25 A. A local government shall require:

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(1) qualifying multifamily units in qualifying multifamily properties to meet the definition of qualifying multifamily unit for fourteen years;

(2) that at least twenty percent of all units within a qualifying multifamily property be qualifying multifamily units for the full period determined by the local government pursuant to this section;

(3) that a lessee or an owner of a substantial beneficial interest in the project property shall accept housing choice vouchers administered by the United States department of housing and urban development from residents renting a dwelling unit in a qualifying multifamily property;

(4) a lessee of a qualifying multifamily property or an owner of a substantial beneficial interest in the property to pay to the local government an annual administrative fee of at least one hundred dollars (\$100) per unit, as determined by the local government, for all residential dwelling units within the qualifying multifamily property; and

(5) a lessee, at the lessee's expense, to provide to the applicable local government an audit report, conducted by an independent auditor or compliance expert with an established history of providing similar audits on housing compliance matters, as determined by the local government, confirming that the property was a qualifying multifamily

1 property and that the designated units were qualifying
2 multifamily units as defined in this section, confirming that
3 the rents charged for each qualifying multifamily unit were at
4 or below the amounts set forth in the United States department
5 of housing and urban development's income and rent tables and
6 confirming such other matters as set forth in the lease between
7 the local government and the lessee.

8 B. For each qualifying multifamily property that, in
9 the property tax year prior to becoming exempt from property
10 taxation and assessments pursuant to Section 3-60A-13 or
11 7-36-3.1 NMSA 1978, had an average rent amount for all
12 residential dwelling units in the property that was less than
13 the rent amount for households of one and one-half persons per
14 bedroom earning less than eighty percent of the area median
15 income, taking into account unit types, as shown on rent and
16 income tables published by the United States department of
17 housing and urban development, the lessee or owner of a
18 substantial beneficial interest in that multifamily property
19 shall make repairs, renovations or improvements within two
20 property tax years after the property becomes exempt of at
21 least ten thousand dollars (\$10,000) multiplied by the number
22 of qualifying multifamily units in the property existing as of
23 December 31 of the tax year prior to the property becoming
24 exempt. Each year, the aggregate cost shall be adjusted by the
25 consumer price index as of January 1 of the preceding year.

1 C. A local government shall provide a report on the
2 effectiveness of each qualifying multifamily property developed
3 pursuant to a metropolitan redevelopment plan to the
4 legislative finance committee by July 1, 2033."

5 **SECTION 11.** A new section of the Metropolitan
6 Redevelopment Code is enacted to read:

7 "[NEW MATERIAL] INVESTIGATION OF METROPOLITAN
8 REDEVELOPMENT CODE VIOLATIONS--ENFORCEMENT.--

9 A. A person who knowingly provides any false or
10 materially misleading information required by the provisions of
11 the Metropolitan Redevelopment Code, or materially fails to
12 comply with the provisions of any agreement between that person
13 and a public body after any notice and cure period set forth in
14 such agreement, shall be deemed to not be in compliance with,
15 and be in default under, any lease or agreement exempting
16 property from property taxation and assessments pursuant to
17 Section 3-60A-13 or 7-36-3.1 NMSA 1978, and the public body
18 shall be permitted to immediately terminate such lease and
19 exemption from property taxation.

20 B. The attorney general shall investigate an alleged
21 violation of the Metropolitan Redevelopment Code reported by a
22 public body.

23 C. If the attorney general has reasonable belief that
24 a person has violated a provision of the Metropolitan
25 Redevelopment Code and that instituting a proceeding against

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1 that person would be in the public interest, the attorney
2 general may bring a civil action on behalf of the state
3 alleging a violation of that code. The action may be brought
4 in the district court of the county in which the person alleged
5 to have violated that code resides or in which the person's
6 principal place of business is located. The attorney general
7 shall not be required to post bond when seeking a temporary or
8 permanent injunction in the civil action.

9 D. The attorney general may, in addition to or as an
10 alternative to pursuing a civil action as provided in this
11 section, pursue criminal charges against a person for an
12 alleged violation of the Metropolitan Redevelopment Code under
13 the applicable provisions of the Criminal Code. Venue for any
14 criminal action shall be in the judicial district where the
15 violation occurred.

16 E. In a civil action brought pursuant to this section
17 for an alleged violation of the Metropolitan Redevelopment
18 Code, if a court finds that a person willfully committed an act
19 in violation of that code, the attorney general may seek to
20 recover a civil penalty not exceeding ten thousand dollars
21 (\$10,000) per violation, in addition to any equitable relief
22 imposed by the court.

23 F. A person who violates the provisions of the
24 Metropolitan Redevelopment Code is ineligible for exemptions
25 from property taxation for five years after the violation."