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## FISCAL IMPACT REPORT

SPONSOR Anyanonu/Herndon LAST UPDATED \_\_\_\_\_  
ORIGINAL DATE 2/3/2023  
SHORT TITLE Creditworthiness Assistance Program BILL NUMBER House Bill 293  
ANALYST Leger

### APPROPRIATION\* (dollars in thousands)

| FY24 | FY25    | Recurring or Nonrecurring | Fund Affected |
|------|---------|---------------------------|---------------|
|      | \$250.0 | Nonrecurring              | General Fund  |

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency Analysis Received From  
New Mexico Mortgage Finance Authority

## SUMMARY

### Synopsis of Choose an item.

House Bill 293 appropriates \$250 thousand from the general fund to the Department of Finance and Administration for expenditure by the Mortgage Finance Authority (MFA) for the purpose of administering a new creditworthiness assistance fund.

HB293 amends the Affordable Housing Act (AHA) to add the definition and uses of the “creditworthiness assistance grant” and adds and defines “participant” and “residential housing,” expand the purpose of the AHA to include unpaid rent and residential damages, and to expand existing AHA language to include creditworthiness assistance grants.

The bill allows qualifying local governments to provide assistance to individuals or households for rent or damages to a rental property as the cost of financing or operating affordable housing.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

## FISCAL IMPLICATIONS

The appropriation of \$250 contained in this bill is a nonrecurring expense to the general fund.

Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund. Although House Bill 293 does not specify future appropriations, establishing a new grant program could create an expectation the program will continue in future fiscal years.

The MFA, trustee of the New Mexico housing trust fund (HTF), states the HTF could be a vehicle for administering an appropriation for rental assistance and landlord collaboration funding.

## **SIGNIFICANT ISSUES**

Enacted in 2004, the Affordable Housing Act (AHA) allows local governments to donate resources to create and maintain affordable housing in their communities. With an approved affordable housing plan and a local or county ordinance in place, communities can donate or make contributions toward acquiring, developing, financing, operating, and maintaining affordable housing. Donations are exempt from the anti-donation clause of the state constitution. Currently, 36 local municipalities and/or county governments have an approved plan and ordinance.

A 2023 policy spotlight by the LFC's Program Evaluation Unit shows about 106 thousand households in New Mexico have low incomes and are cost burdened by rent. These households are considered housing insecure and often in need of support, such as creditworthiness funding, to remain stably housed, avoid eviction, and prevent homelessness.

## **PERFORMANCE IMPLICATIONS**

MFA is governed by a seven-member board and the MFA Legislative Oversight Committee that monitor and oversee the operations and rules and regulations formulated by the authority. Yearly, MFA presents to the LFC on programs and expenditures of state funding.

## **ADMINISTRATIVE IMPLICATIONS**

Due to timing when rent is owed and because individuals usually do not seek assistance until an emergency, MFA is unsure if participants will be able to satisfy the training program requirement in advance of receiving assistance. Pairing mandatory training with assistance could create program complexities that delay the deployment of urgently needed assistance.

JL/hg