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FISCAL IMPACT REPORT

ORIGINAL DATE 2-6-06
 SPONSOR Lujan, B. LAST UPDATED 2-9-06 HB 568/aHBIC
 SHORT TITLE REGIONAL HOUSING COUNCIL & FUND SB _____
 ANALYST Hadwiger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$5,000.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	\$5,000.0		Non-Recurring	Regional Housing Revolving Fund

(Parenthesis () Indicate Expenditure Decreases)

SUMMARY

Synopsis of HBIC Amendment

The House Business and Industry Committee amendment to House Bill 568 changes the selection process for members of the proposed Regional Housing Council to eliminate language whereby the governor would have selected three members and substitute language whereby one member would be appointed by the governor, one by the President Pro Tempore of the Senate, and one by the Speaker of the House of Representatives.

Synopsis of Original Bill

House Bill 568 creates a Regional Housing Revolving Fund, consisting of appropriations, gifts, grants, donations and bequests made to the fund and repayments by regional housing authorities of distributions from the fund. Money in the fund would be appropriated to the Regional Housing Council (below) for distribution to regional housing authorities. The money in the fund would not revert at the end of a fiscal year. The bill appropriates \$5 million to the fund for expenditure in FY07 and subsequent years.

HB568 also adds a section to the Regional Housing Law creating a Regional Housing Council (Council) comprised of ten members appointed as follows:

1. Three appointed by the governor to two-year terms
2. The chair of each of the seven regional housing authorities or the chair's designee.

The members would receive per diem and mileage but no other compensation.

The Council would make distributions from the Regional Housing Revolving Fund under the following guidelines:

1. Distributions would be made to provide authorities with the necessary funding to initiate a housing project, including funds to match federal, local or private money;
2. After a housing project commences, as a recipient authority recoups money from bond or loan proceeds or other funding, the amount received from the fund shall be repaid and deposited in the fund;
3. The amount distributed to an authority in a fiscal year would be based on an equitable formula developed by the Council based on population according to the 2000 federal decennial census.

FISCAL IMPLICATIONS

The appropriation of \$5 million contained in this bill is a non-recurring expense to the general fund. Unexpended or unencumbered balances remaining at the end of a fiscal year would not revert to the general fund. There would be minimal additional fiscal impact for per diem and mileage for Council members to attend meetings and for processing grant applications for allocations from the Regional Housing Revolving Fund. Employees of the regional authorities would staff the Council.

Continuing Appropriations language

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

SIGNIFICANT ISSUES

DFA noted that the regional housing authorities work to help low income person obtain affordable housing. These regional housing authorities also work to reduce and eliminate unsanitary and unsafe dwellings. It is through the seven regional housing authorities that properties are acquired, purchased, leased, constructed, reconstructed, improved, and repaired to help provide for the many low income citizens of New Mexico.

PERFORMANCE IMPLICATIONS

DFA indicated that the establishment of the new Regional Housing Council will provide better coordination and oversight to the various regional housing authorities around the state.

ADMINISTRATIVE IMPLICATIONS

According to DFA, there should be little administrative implications to the oversight of the funds since the money would be expended by vouchers signed by the Chair of the Regional Housing Council and submitted to the Department of Finance and Administration for the issuance of warrants.

DH/yr:mt